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Welcome from the Conference Chair

Welcome to the ANZMAC 2014 Conference!

On behalf of Griffith University, our colleagues within Social Marketing @ Griffith, Griffith University’s Department of Marketing, and the local organising team, we are delighted that you are able to participate in ANZMAC 2014.

This year’s conference attracted nearly 500 submissions from 36 countries. More than 200 submissions came from overseas, from countries as remote as Portugal, Norway and Brazil showcasing the truly international field attracted to ANZMAC. Three hundred and eighty-two papers were accepted for presentation, giving an acceptance rate of 79%.

In addition 22 posters and 7 special session proposals were submitted to ANZMAC 2014, providing further insight into some of the emerging issues in marketing. We were very impressed with the standard and diversity of the submissions, which should make for a high-quality and memorable event. We are confident that regular ANZMAC attendees will enjoy this year’s conference location, and would like to extend a special welcome to our international colleagues travelling from afar and those attending an ANZMAC Conference for the first time.

The theme for ANZMAC 2014 is Agents of Change. ANZMAC 2014 showcases how marketing has been used effectively as an agent of change in both social and commercial settings. Marketers have long been recognised for their ability to stimulate demand, assisting corporations to sell products, services and ideas in ever-increasing quantities and/or with improved efficiencies. Informed by the marketing discipline, social marketing is developing an increasing evidence base demonstrating its effectiveness in changing behaviours for social good. Increasingly, governments and non-profit agencies across the globe are recognising marketing’s potential as an agent of change.
The first day of the conference will begin at the site of the G20 Summit, namely the Brisbane Convention and Exhibition Centre. Professor Gerard Hastings, OBE will open the conference with a thought provoking presentation on the need for marketers to empower people to demand the changes needed to reduce damage to themselves and their planet. Gerard is the first UK Professor of Social Marketing and founder/director of the Institute for Social Marketing and Centre for Tobacco Control Research, at Stirling and the Open University. Gerard researches the applicability of marketing principles like consumer orientation, branding and strategic planning to the solution of health and social problems. Gerard also conducts critical marketing research into the impact of potentially damaging marketing, such as alcohol, tobacco and fast food promotion.

Our Monday evening involves a welcome reception that will be hosted by the Shore Restaurant and Bar at the centre of Brisbane’s premier culture and entertainment precinct – South Bank. We would like to encourage you to explore the area throughout your stay in Brisbane, try one of South Bank’s restaurants or enjoy an early morning swim in Australia’s only inner-city, man-made beach. For the Wednesday evening gala we will return to the Brisbane Convention and Exhibition Centre to enjoy a dinner, drinks and live music.

We would like to thank the many individuals who willingly donated their time and effort to assist in organising the ANZMAC 2014 Conference in Brisbane. Firstly, our thanks go to all submitting authors who chose our annual conference as the way to share their research and ideas with the ANZMAC community and the wider community of marketing scholars. Without their continuous support we would never be able to stage such a successful conference. Secondly, we would like to acknowledge thirty Track Chairs who encouraged the submission of many papers and helped with the review process. In particular, we would like to acknowledge the many reviewers who gave up a considerable amount of time to review the papers submitted to the conference. Their time and expertise were critical in developing the conference program. Thirdly, we also would like to thank our local organising team, and in particular Victoria Aldred from the ANZMAC Office and two ANZMAC 2014 Conference Administrative Assistants - Bo Pang and Francisco Crespo Casado - for their assistance with many administrative tasks at various stages during the
conference organising process. They have been working tirelessly ten days a week. Last but not least, all our sponsors deserve a special thank you for providing additional support to make ANZMAC 2014 possible. The ANZMAC 2014 Conference would have not been possible without their generous support.

We hope you will enjoy a stimulating and rewarding conference and experience all the benefits of Brisbane’s early summer.

Professor Sharyn Rundle-Thiele, Dr Krzysztof Kubacki and Dr Denni Arli

Conference Co-Chairs
## Track Chairs

### Marketing Communications

- **Dr Lisa Schuster**, Griffith University
- **Dr Kerri-Ann Kuhn**, QUT

### Brands and Brand Management

- **Dr Daragh O’Reilly**, Sheffield University
- **Professor Anne-Marie Hede**, Victoria University

### Consumer Behaviour

- **Professor Elizabeth Parsons**, The University of Liverpool
- **Dr Benedetta Cappellini**, Royal Holloway, University of London

### Social Marketing

- **Dr Marie-Louise Fry**, Griffith University
- **Professor Linda Brennan**, RMIT

### Marketing Education

- **Dr Angela Dobele**, RMIT
- **Professor Don Bacon**, Daniels College of Business
<table>
<thead>
<tr>
<th>Segment</th>
<th>Professors/Researchers</th>
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<tbody>
<tr>
<td>Market Research</td>
<td>Professor Clive Boddy, Middlesex University</td>
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<td></td>
<td>Dr Joy Parkinson, Griffith University</td>
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<tr>
<td>Retailing and Sales</td>
<td>Dr Paul Ballantine, University of Canterbury</td>
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<td>Professor Andrew Parsons, Auckland University of Technology</td>
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<td>International Marketing</td>
<td>Dr Sussie Morrish, University of Canterbury</td>
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<td>Professor Andrew McAuley, Southern Cross University</td>
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<td>Services Marketing</td>
<td>Dr Cheryl Leo, Murdoch University</td>
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<td>Professor Jill Sweeney, University of Western Australia</td>
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<td>Dr Owen Wright, Griffith University</td>
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<td>Dr Anna Watson, University of Hertfordshire</td>
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Digital Marketing and Social Media

Robin Croft, University of Bedfordshire
Dr Dirk vom Lehn, King’s College London

Industrial Marketing

Greg Brush, University of Western Australia
Dr Sharon Purchase, University of Western Australia

Sustainable Marketing

Associate Professor Angela Paladino, The University of Melbourne
Dr Jill Lei, The University of Melbourne

Consumer Culture Theory

Dr Jan Brace-Govan, Monash University
Dr Lauren Gurrieri, Swinburne University of Technology

Food Marketing

Associate Professor Meredith Lawley, University of Sunshine Coast
Dr Dawn Birch, Bournemouth University
Keynote Speaker

Moving Beyond Behaviour Change: a 21st Century Agenda for Social Marketing

Professor Gerard Hastings, University of Stirling, United Kingdom

Gerard Hastings is the first UK Professor of Social Marketing and founder/director of the Institute for Social Marketing (www.ism.stir.ac.uk) and Centre for Tobacco Control Research (www.ctcr.stir.ac.uk) at Stirling and the Open University. He researches the applicability of marketing principles like consumer orientation, branding and strategic planning to the solution of health and social problems. He also conducts critical marketing research into the impact of potentially damaging marketing, such as alcohol, tobacco and fast food promotion.
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<tr>
<td>7.30-8.45 am</td>
<td>Conference Registration</td>
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<td>8.30-9.15 am</td>
<td>Formal welcome</td>
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<td>9.15-10.00 am</td>
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<td>Professor Gerard Hastings</td>
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<td>Morning tea</td>
<td>S02, 7.07 / S06, 2.02 / Undercroft (between S02 and S05)—near Security</td>
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<td>12.30-1.30 pm</td>
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<td>S02, 7.07 / S06, 2.02 / Undercroft (between S02 and S05)—near Security</td>
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<td>5.00-6.00 pm</td>
<td>Session 4—Poster session</td>
<td>ANZMAC AGM S05, 2.04</td>
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<td>6.00-8.00 pm</td>
<td>Welcome cocktail function</td>
<td>The Shore Restaurant and Bar, Arbour View Cafes</td>
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<td>7.30-9.00 am</td>
<td>ANZMAC Executive Breakfast</td>
<td>S02, 7.16</td>
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<td>9.00-10.30 am</td>
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<td>Institutional Members / Heads of School Lunch S07, 2.16 / 2.18</td>
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<td>1.30–3.00 pm</td>
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<td>7.00–11.45 pm</td>
<td>Gala dinner</td>
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**Doctoral Colloquium Program Outline**

**SATURDAY 29 NOVEMBER 2014**

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<th>Activity</th>
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<td>8.00-9.00 am</td>
<td>Registration and Greetings</td>
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<td>9.00-9.15 am</td>
<td>Welcome from the DC Co-chairs Dr Denni Arli and Associate Professor Helene Cherrier</td>
<td>Room 2.16-2.18</td>
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<td>9.15-10.15 am</td>
<td>An Opening Workshop– Advancing Your Early Academic Career</td>
<td>Room 2.16-2.18</td>
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<td>Associate Professor Ekant Veer (University of Canterbury)</td>
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<tr>
<td>10.15-11.15 am</td>
<td>Workshop 2– Life as an Academic, A Creative, Sustained and Fun Adventure</td>
<td>Room 2.16-2.18</td>
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<td>Professor Russell Belk (York University)</td>
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<td>11.15-11.45 am</td>
<td>Coffee break</td>
<td>Graduate Centre (S07)</td>
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<tr>
<td>11.45 am-1.15 pm</td>
<td>PhD Presentations (see Student presentation schedule)</td>
<td>Room 2.16-2.19, 3.01, 3.03, 3.07</td>
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<td>1.15-2.15 pm</td>
<td>Lunch</td>
<td>Graduate Centre (S07)</td>
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<td>2.15-3.45 pm</td>
<td>PhD Presentations (see Student presentation schedule)</td>
<td>Room 2.16-2.19, 3.01, 3.03, 3.07</td>
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<td>3.45-4.15 pm</td>
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<td>Graduate Centre (S07)</td>
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<td>4.15-5.15 pm</td>
<td>Workshop 3</td>
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<tr>
<td></td>
<td>Professor Rebekah Russell-Bennett (QUT) and</td>
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<td>Professor Sharyn Rundle-Thiele (Griffith)</td>
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<td>Research: Dark Art or White Magic?</td>
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<td>5.15-5.30 pm</td>
<td>Wrap Up</td>
<td>Room 2.16-2.18</td>
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<td>Professor Sharyn Rundle-Thiele (President of ANZMAC)</td>
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<td>5.45-7.30 pm</td>
<td>Doctoral Colloquium Dinner</td>
<td>The Shore Restaurant and Bar, Arbour View Cafes</td>
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<td>8.30-9.00 am</td>
<td>Continental Breakfast</td>
<td>Graduate Centre (S07)</td>
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<tr>
<td>9.00-10.00 am</td>
<td>Workshop 4—Finding Life, Leisure, and Pleasure in the PhD Treadmill</td>
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<td>Associate Professor Zeynep Arsel (Concordia University)</td>
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<tr>
<td>10.00-11.00 am</td>
<td>Workshop 5—How to Publish from Your PhD and Create a Research Pipeline</td>
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<td>Professor Jill Sweeney (University of Western Australia) and</td>
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<td>Associate Professor Tracey Danaher (Monash University)</td>
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<td>11.00-11.30 am</td>
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<td>Graduate Centre (S07)</td>
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<td>11.30 am-1.00 pm</td>
<td>PhD Presentations (see Student presentation schedule)</td>
<td>Room 2.16-2.19, 3.01, 3.03, 3.07</td>
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<td>1.00-2.00 pm</td>
<td>Lunch</td>
<td>Graduate Centre (S07)</td>
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<tr>
<td>2.00-2.45 pm</td>
<td>PhD Presentations (see Student presentation schedule)</td>
<td>Room 2.16-2.19, 3.01, 3.03, 3.07</td>
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<td>2.45-3.15 pm</td>
<td>Coffee Break</td>
<td>Graduate Centre (S07)</td>
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<td>3.15-4.30 pm</td>
<td>Workshop 6—Moving Forward, Q&amp;A</td>
<td>Room 2.16-2.18</td>
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<td>Dr Zeynep Arsel (Concordia University) and Professor Geoff Soutar (UWA)</td>
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<td>4.30-4.45 pm</td>
<td>Closing</td>
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### Doctoral Colloquium Program

**SATURDAY 29 NOVEMBER 2014**

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<td>Opening Workshop—Advancing Your Early Academic Career Associate Professor Ekant Veer (University of Canterbury)</td>
<td>Room 2.16-2.18</td>
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<tr>
<td>10.15-11.15 am</td>
<td>Workshop 2—Life as an Academic, A Creative, Sustained and Fun Adventure Professor Russel Belk (York University)</td>
<td>Room 2.16-2.18</td>
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<td>11.45 am-1.15 pm</td>
<td>PhD Presentation</td>
<td>Room 2.16-2.18</td>
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<td>11.45 am-12.30 pm</td>
<td>When are two brands better than one? Investigating the impact of advertising dual-brands on correct branding Trust me, I'm a (tele)doctor: Service provider's experiences of healthcare service virtualisation Branded content—Kindling the brand romance The role of emotions toward luxury brands in the consumers’ responses to brand extensions Advertising appeals and effectiveness in social media banner advertising. A cross-cultural study of India, Finland, Sweden and Vietnam. New perspectives on democratisation in the luxury market: The engagement of consumers in marketplace meanings</td>
<td>Room 2.17 Room 2.19 Room 3.01 Room 3.03 Room 3.07</td>
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**Presenter:**
- Cathy Nguyen (UniSA)
- Teegan Green (UQ)
- Associate Professor Mark Uncles
- Professor Russell Belk

**Reviewer:**
- Krahmalov, Jacki (UWS)
- Pourazaded (Flinders)
- Associate Professor Zeynep Arsel
- Professor Karen Fernandez
- Associate Professor Helene Cherrier
- Professor Jill Sweeney
- Dr Owen Wilson (Griffith)
- Dr Dewi Tojib (Monash)
- Associate Professor Liliana Bove (UniMelb)
- Professor Jamal Abarashi (Otago)
- Professor Geoff Soutar (UWA)
- Associate Professor Liliana Bove (UniMelb)
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<th>Time</th>
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<tr>
<td>12.30-1.15 pm</td>
<td>Strategically managing the stories of brands: conceptualising, managing and measuring the 'brand story' concept</td>
<td>Mohamned Fakiha (RMIT)</td>
<td>Associate Professor Mark Uncles</td>
<td>Professor: Narjess Abroun (RMIT)</td>
<td>Reviewer: Rebecca (UniMelb)</td>
<td>Presenter: Karen Kao (Adelaide)</td>
<td>Reviewer: Shabnam Seyedmehdi (Otago)</td>
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<td>2.15-3.45 pm</td>
<td>Human brands emotional attachment: the key personality characteristics of strong human brands.</td>
<td>Marcela Moraes (Murdoch)</td>
<td>Reviewer: Rachel Fuller (Loughborough University)</td>
<td>Presenter: Claudia Gonzales (UQ)</td>
<td>Reviewer: Aysen Coskun (Nevsehir Uni)</td>
<td>Presenter: Raymond Xia (Otago)</td>
<td>Reviewer: Fred Musika (Massey)</td>
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<td>2.15-3.00 pm</td>
<td>The role of memory in consumer choice: does it differ for goods and services brands?</td>
<td>Dr Stanleyl (Monash)</td>
<td>Reviewer: Dr Lynda</td>
<td>Presenter: Zeynep Arsel Associate Professor</td>
<td>Reviewer: Professor Jill Sweeney (UWA)</td>
<td>Reviewer: Dr Owen Wright (Griffith UWA)</td>
<td>Reviewer: Dr Juergen Gnoth (UniMelb)</td>
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<td>The role of psychographic variables on green purchase intentions for a low involvement product</td>
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<td>Study of Chinese 'consumption face'</td>
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<td>Integrating green consumption dimension: consumer styles inventory (CSI) scale refinement and validation</td>
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### Saturday 29 November 2014

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<tr>
<td>3.00-3.45 pm</td>
<td>Consumers’ confidence in competitive positions: antecedents and effects on segment preferences</td>
<td>Anne-Marie O-Rourke (UTS) / Dr Stanislav Stakhovych (Monash) / Professor Ian Wilkinson (USyd) / Dr Cyntia Webster (Macquarie) / Ville Lahtinen (Griffith) / Joowon Ban (CQU) / Dr Lynda Andrews (QUT) / Dr Lara Stocchi (Lboro)</td>
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<td>4.15-5.15 pm</td>
<td>Workshop 3—Research: Dark Art or White Magic?</td>
<td>Professor Rebekah Russell-Bennett / Professor Sharyn Rundle-Thiele (Griffith) / Room 2.16-2.18</td>
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<td>5.15-5.30 pm</td>
<td>Wrap Up</td>
<td>Professor Sharyn Rundle-Thiele (ANZMAC President) / Room 2.16-2.18</td>
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<td>5.45-7.30 pm</td>
<td>Doctoral Colloquium Dinner</td>
<td>The Shore Restaurant and Bar, Arbour View Cafes / Room 2.16-2.18</td>
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<td>8.30-9.00 am</td>
<td>Continental breakfast</td>
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<td>9.00-10.00 am</td>
<td>Workshop 4—Finding Life, Leisure, and Pleasure in the PhD Treadmill</td>
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<td>Associate Professor Zeynep Arsel (Concordia University)</td>
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<td>10.00-11.00 am</td>
<td>Workshop 5—How to Publish from Your PhD and Create a Research Pipeline</td>
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<td>Professor Jill Sweeney (University of Western Australia) and Associate Professor Tracey Danaher (Monash University)</td>
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<td>11.00-11.30 am</td>
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<td>11.30-1.00 am</td>
<td>PhD Presentation 3</td>
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<td>11.30 am-12.15 pm</td>
<td>The conceptualisation and measurement of negative engagement</td>
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<td>Should Foreign Brands Localise Their Packaging? A Comparison Of Hedonic And Utilitarian Products</td>
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<td>12.15-1.00 pm</td>
<td>Factors Impacting Food Decision Making Amongst Consumers with Special Dietary Needs in the Purchase of Processed Packaged Foods in Supermarkets</td>
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<td>The influence of marketing communications on the evolution of shopper behaviour in both offline and online retail channels</td>
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<td>The Antecedents of Donor Retention for Non Profit Organisations at Tanzania Education Authority: An Empirical Analysis</td>
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<td>The Effects of Social Setting and Portion Size on Food Consumption Amount</td>
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<td>On premise alcohol consumption: A stakeholder perspective in social marketing</td>
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<td>1.00-2.00 pm</td>
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| 2.00-2.45 pm | PhD Presentation 4          | Room 2.16-2.18 | Can nudging principles encourage behaviours associated with obesity prevention?  
                                        | Room 2.19 | Sensory Perception, Attitudes and Decisions: Haptics and the Need for Touch       
                                        | Room 3.01 | How Valence and Arousal Affect Unplanned Buying Behaviour                          
                                        | Room 3.03 | Market Participation and Market Mobility of Smallholder Farmers in a Developing Economy  
                                        |           | Presenter: Amy Wilson (UniSA)  
                                        |           | Presenter: David Harris (CQU)  
                                        |           | Presenter: Abedniya Abed (Monash)  
                                        |           | Presenter: Marcia Kwaramba (Monash)  
                                        |           | Reviewer: Professor Janet Hoek  
                                        |           | Reviewer: Professor Peter Danaher (Monash)  
                                        |           | Reviewer: Professor Andrew Parsons (AUT)  
                                        |           | Reviewer: Professor Ian Wilkinson (USyd)  
                                        |           | Reviewer: Dr Stephen Dann (ANU)  
                                        |           | Reviewer: Professor Jill Sweeney (UWA)  
                                        |           | Reviewer: Dr Junzhao Ma (Monash)  
| 2.45-3.15 pm | Coffee break                 |            |                                                                                      |
| 3.15-4.30 pm | Workshop 6–Moving forward and Q&A | Room 2.16-2.18 | Dr Zeynep Arsel (Concordia University) and Professor Geoff Soutar (UWA)  
| 4.30-4.45 pm | Closing                     | Room 2.16-2.18 | Dr Denni Arli and Associate Professor Helene Cherrier  
                                        |          |                                                                                     |
MARKETING COMMUNICATIONS FULL PAPERS
Alcohol Promotion via Mobile Phone Apps: Gaps in Impact Evaluation and Regulatory Coverage

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Abstract
This paper reviews alcohol mobile phone applications ("apps") which carry alcohol promotional material. It reviews literature relevant to alcohol advertising in social media, particularly on the youth market, and the efficacy of current regulatory activity. The paper identifies a large number of free pro-alcohol apps as well as weaknesses in current legislation restricting alcohol promotion and questions the ethical stance of organizations such as Google and Apple in providing access platforms. The paper concludes with recommendations for further research into the actual impact of apps and other forms of social and user generated content activity.

Keywords: alcohol promotion, phone apps, mobile marketing, regulatory effectiveness, business ethics.
Track: Marketing Communications

Introduction
Alcohol is not only the “drug of choice” among young people (Mart, 2011, p. 889), it is also integrated into social life (Wettlaufer et al., 2012). Alcohol misuse accounts for approximately 2.5 million deaths worldwide per year, including over 300,000 young people between 15 and 29 years of age (World Health Organisation, 2010). It also contributes 4.5% of total measured disability-adjusted life years, higher than tobacco at 3.7% and illicit drugs at 0.9% (Donovan, Fielder, & Jalleh, 2011). Alcohol misuse imposes significant costs on society through factors such as reduced workplace productivity and the impact of alcohol-fuelled violence (Manning, Smith, & Mazerolle, 2013).

This paper reviews the extant literature on the impact of excess alcohol consumption, focuses on alcohol advertising via mobile phone applications and the efficacy of current regulatory activity, and reviews the theoretical concepts used to explain young people’s involvement with alcohol promotional activity, particularly in social media.

We focus on alcohol-related mobile phone applications (“apps”) as they (“apps”) have received very little attention relative to other electronic platforms such as Facebook (see, for example, Fournier & Clarke, 2011) in spite of high penetration. Smartphone penetration is high in most developed countries: 65% in Australia, 62% in the UK – higher than the USA at 56% with all three countries expected to achieve approximately 80% penetration by 2017 (Google / Ipsos Media CT, 2013). Ownership of mobile phones among teenagers is estimated at more than 75% (O’Keeffe & Clarke-Pearson, 2011). We have been unable to locate any studies that investigate the nature of alcohol-related phone apps.

Adverse Effects of Alcohol
Alcohol is recognised as the third leading cause of preventable and premature disease and disability globally (Coltart & Gilmore, 2012). Alcohol is causally linked to cancer, cardiovascular disease, liver disease, diabetes and several other serious diseases (Parry, Patra & Rehm, 2011) as well as injury, communicable diseases such as HIV and TB (Parry, Patra & Rehm, 2009). Young people are claimed to be particularly vulnerable to the harmful effects of excess alcohol consumption (Anderson, Chisholm, & Fuhr, 2009). Heavy alcohol consumption during adolescence can permanently impair brain development; there is also an association between drinking levels within this age group and road traffic accidents, depression, suicide and a range of sexually transmitted diseases (Anderson, 2009).

In 2010 the direct costs for Australia alone were estimated as being in excess of AU$14.35 billion per annum (Manning, et al., 2013), with a further AU$6.807 in indirect costs from the negative impacts of another person’s drinking (Lazlett et al., 2010). Against this is should be balanced the tax revenue of AU$7.075 billion in 2010 (Manning, et al., 2013), of which over AU$100 million is estimated to be derived from under-age drinkers (Donovan, et al., 2011), this equates to AU$430 per person (Doran et al., 2009).

**Alcohol and Marketing**

The alcohol industry is estimated to have spent more than over AU$125 million in Australia alone in 2007 on traditional media advertising, with two or three times that amount estimated to be spent on sponsorship and point of sale (Australian Chronic Disease Prevention Alliance, undated). The amount invested in various digital technologies such as mobile phones, online video channels, interactive games, and social networks such as Facebook and Twitter is unknown.

Alcohol advertising shapes attitudes and behaviours, normalizing and encouraging drinking and potentially in unsafe amounts (Dobson, 2010; Parry, Burnhams, & London, 2012; Pettigrew et al., 2012). Significant associations have been found between involvement with alcohol marketing and both current drinking behaviours and future drinking intentions and between movie alcohol use exposure and binge drinking (Gordon et al., 2011; Hanewinkel et al., 2012).

Engaging with web-based alcohol marketing is claimed to increase the odds of being a drinker by 98%; engagement with traditional marketing forms increases the odds by 51% (Lin et al., 2012). It is claimed that social networks contribute to pro-alcohol environments and thus encourage drinking as they blur brand-specific promotional activity and user-generated content to integrate real-world and on-line activity and both normalize and promote drinking occasions (McCreanor et al., 2013).

Self-identity is important to adolescents and young adults and alcohol is a key component of identity exploration (Ridout, Campbell, & Ellis, 2012) and friendship practice in western society (Niland et al., 2013). Adolescents and young adults frequently display alcohol content or references on social networking sites in order to appear ‘cool’ (Moreno et al., 2009) or to create a distinct identity for themselves (Sashittal, Sriramachandramurthy, & Hodis, 2012). The potential for the creation of ‘intoxigenic social identities’ (Griffiths & Casswell, 2010, p. 525) gives rise to concern, as do claims that the alcohol industry leverages off self-identity formation to normalize daily alcohol consumption (Nicholls, 2012). This is of particular concern given reports of children lying about their ages in order to be able to access social media services (O’Keeffe & Clarke-Pearson, 2011).
Effective Regulations?

In many countries, including Australia and the UK, the regulatory systems are based on industry self-regulation, practices which have been criticised as ineffective (Jones & Gordon, 2013). A challenge to effective regulation of 21st century marketing activity is the global nature of Internet-based promotional activity and the lack of consistent regulation across countries. For example, the UK has specific regulations relating to product placement, but Australia does not. On-line images, including Facebook and YouTube content promoting excessive drinking have been deemed irresponsible in the UK, as have images that appear to feature people under the age of 25 (see, for example, Hi Spirits (January 2013), Aston Manor Brewery (June 2012), Cell Drinks, (August 2011), (Advertising Standards Authority, 2013).

A landmark ruling was made by the Australian Advertising Standards Bureau in September 2012 that “(i) a brand’s Facebook page is a marketing communication tool, and (ii) all contents on the page fall under the industry’s self-regulatory code of ethics, including consumer-created content such as user-generated comments and photos” (Brodmerkel & Carah, 2013). This is particularly significant given that engagement with, and reproduction and dissemination of alcohol marketing messages is seen as social desirable by young people (Ridout, et al., 2012).

Perceived drinking behaviour and approval of drinking are strong predictors of how much college students drink (Fournier & Clarke, 2011) even though perceived normative behaviour may be inaccurate. However, perceived social norms regarding desirable behaviours will outweigh education and information-based interventions which have been found to be ineffective in reducing alcohol-related harm (Anderson, et al., 2009). Attempts to alter social norms will be countered by the pro-consumption messages of the alcohol industry (Pettigrew, et al., 2012).

While marketing communication is only one of a multitude of influences on alcohol use, with parental and peer influences also impacting on decisions (Kinard & Webster, 2010), partial or complete bans on alcohol advertising have been estimated to yield benefits of at least AU$2.45 billion and AU$3.86 billion respectively in Australia alone (Collins & Lapsley, 2008). Recent proposals to ban all alcohol advertising in South Africa (Jernigan, 2013) will no doubt be followed with interest.

Some writers stress the difficulties of effective enforcement of bans (Nicholls, 2012) due to a lack of a precise definition of what constitutes advertising or marketing communication. There are frequent references to alcohol consumption in popular music (Primack, Nuzzo, Rice, & Sargent, 2012), a study of popular movies found alcohol content in 83%, including 36% of G/PG-rated movies (Dal Cin, Worth, Dalton, & Sargent, 2008), although this study does not report on whether responsible or irresponsible drinking was portrayed. Similarly, 75% of top rating US TV shows featured alcohol use (J. D. Brown & Bobkowski, 2011). While advertising in children’s programmes is not permitted, approximately half of alcohol television advertisements appear during times when children are likely to be watching (Pettigrew, et al., 2012).

Research Objectives and Methodology

To assess the quantity and nature of apps-based activity and to analyze for potential effects against the fragmented extant literature. A multi-phase research project was undertaken.
whereby a search was conducted of Android and Apple mobile phone Apps using the search terms ‘alcohol’, ‘drinking’, ‘drunk’, ‘alcoholic’, and ‘alco*’. Both sites were used as iPhone users represent only ¼ of Smart Phone users and tend to be from upper socio-economic groups (Abroms et al., 2011).

**Analysis**

A total of 282 apps were identified, with far more Android-based apps (215) than there are iPhone apps (67). The Apps were then coded into free (241: 85%) versus paid apps (41: 15%), and pro-consumption or anti-consumption/drinking moderation. The large amount of pro-consumption content is a concern with 221 (78%) of the 282 apps categorized as pro-alcohol consumption. Significantly, when design principles were examined 37% of the pro-alcohol apps were designed to reinforce positive behavior towards alcohol consumption and 55% to enable users to track their own desired behavior.

Constraints including the request for age verification, questioning to ensure age correctness and ratings warnings as to App content were examined. There were no protective content age-restricted security measures observed in the sample for either Android or Apple Apps. All of the cited theories are descriptive – none provide evidence of analytical or predictive application; nor specify the relationships between variables, and only three provide domain limitations in which the theory has been used. There is an urgent need to critically review and refine the theoretical foundations of research in the area.

**Table 1: Design Principles** (based on Andrew, Borriello, Fogarty, 2007)

<table>
<thead>
<tr>
<th>Persuasive Strategy</th>
<th>Description</th>
<th>Anti-drinking n = 61</th>
<th>Pro-drinking n = 221</th>
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<td>Reduction</td>
<td>Making a complex task simpler</td>
<td>13 21</td>
<td>8  4</td>
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<tr>
<td>Tunnelling</td>
<td>Guided persuasion; giving control over to an expert</td>
<td>10 16</td>
<td>5  2</td>
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<td>Tailoring</td>
<td>Customization; providing more relevant information to individuals</td>
<td>11 18</td>
<td>16 7</td>
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<td>Suggestion</td>
<td>Intervene at the right time with a compelling suggestion</td>
<td>11 18</td>
<td>5  2</td>
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<td>Self-monitoring</td>
<td>Automatically tracking desired behaviour</td>
<td>19 31</td>
<td>121 55</td>
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<tr>
<td>Surveillance</td>
<td>Observing one’s behaviour publicly</td>
<td>0  0</td>
<td>1  1</td>
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<tr>
<td>Conditioning</td>
<td>Reinforcing target behaviour</td>
<td>19 31</td>
<td>82 37</td>
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<tr>
<td>Total Strategies</td>
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<td>83</td>
<td>238</td>
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Note: columns sum to more than 100% due to use of multiple strategies

The design of electronic games is known to impact on their success, however there is no universal formula for success. We therefore conducted a comparison of the two sets of apps to provide insights into how the latter may be strengthened. Using the Persasive Strategy Framework originally developed by Andrew, Borriello, Fogarty (2007) for persuasive gaming, we coded all apps (results see table 1). It appears that anti-alcohol apps employ a wider variety of persuasive strategies; however, we noted 37% of the pro-alcohol apps were
designed to reinforce positive behavior towards alcohol consumption and 55% to enable users to track their own desired behaviour (i.e. consumption). In the pro-alcohol sample were Apps which appear to be targeted at specific groups including the diet and health conscious markets. For example, “Drink Thin” promotes drinking an alcohol only diet as a weight loss measure, “VegeTippie Free” which provides an alcoholic database for vegetarian drinkers. Anti-alcohol Apps varied in their approach between promoting abstinence, moderation or drinking and as with “T1DFriendAlcohol”, providing safe drinking information to enable Type 1 Diabetes sufferers to consume alcohol by taking recommended precautions. Pro-alcohol Apps promoted the heavy consumption of alcohol in Apps like “Let’s get WASTED! Drinking Game” that provides users with an unusual mix of encouraging intoxication and using the traditional alcohol calculator and Breath Analysing features to compete with friends for the highest alcohol readings. Apps were found that have specific appeal for the youth market including “Campus Beer Run” and the “Drunk College Sorority Girls & Frat Boy Party Edition”, combining alcohol sex and fighting into the gaming features.

The use of these strategies would appear to be in breach of the spirit of existing regulations. Given the anti-alcohol or drinking moderation apps use far fewer design principles than the pro-alcohol apps do, the relative effectiveness of the two sets of apps warrants exploration, with the possibility that the anti-alcohol / alcohol moderation-related apps could benefit from using the types of persuasive strategies that are currently used by the pro-alcohol apps.

Conclusion

The proportion of pro-alcohol apps and the extent to which they appear to use techniques to reinforce alcohol consumption is concerning. In the context of behaviour change, a key criticism is that interventions are often ‘inspired’ by theory rather than being used to specify “the critical techniques or procedures responsible for behaviour change” (Michie & Abraham, 2004, p. 30). A comprehensive understanding of these factors is, we believe, essential in the future design and implementations of any interventions aimed at combatting alcohol promotional activity. As Eagle et al. (2013) obtained similar findings with regards to tobacco apps and little is known about the actual impact of apps overall, research is needed into the effects of these types of apps to enable predictions of their impact and to guide any future regulatory provisions.

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Are women winning? An Exploratory study Using Content Analysis to examine the representation of Females in Sports Advertising in Australian Sports Magazines

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Abstract
This paper presents an exploratory study investigating the role portrayal of women in sports advertisements in sporting magazines published in Australia. Content analysis of gender, activity, connotation, camera angle, product advertised, sport category and clothing worn was conducted on 267 advertisements. Results showed that females featured significantly less often than males, were more often posed than active, were represented in images taken by a straight on camera angle, shown participating more in individual sports, sexy clothing was most common in sporting attire, and were less likely to be promoting sporting products. The findings of this study are important to marketers looking to develop advertising towards attracting the consumption behavior of a growing segment of Australian women who actively participate in sport. Understanding that positive representation of female participation in sports via affirmative advertising endorsement and vicarious role models can influence consumption decisions also has relevant implications for advertising practitioners.

Keywords: females representation, Australian, sports, advertising, content analysis
Track: Marketing Communications

1.0 Introduction

Much of the published work into the portrayal of sportswomen in the media has been conducted in the United States, while some studies have concentrated on editorial content of sports magazines, (Hardin, Lynn & Walsdorf , 2006; Cuneen et al., 2007) most have analysed magazine advertisements (Grau, Roselli & Taylor, 2007). Although there have been studies conducted in Australia into the role portrayal of women in advertising, notably (Milner & Higgs 2004; Harker, Harker & Svenson, 2005), at this time there has been very limited marketing-specific, Australian based research into the role portrayal of women in sports advertising specifically in Australian sports magazines. This research aims to provide an Australian perspective on the nature of the role portrayal of women in sports advertisements and whether it is representative of women’s growing participation in physical activity. Advertisements were analysed for level of activity, connotation, camera angle, type of sport, type of product, category of sport and clothing worn (Lynn et al., 2004)(see Table 1 for definitions).

It is suggested that the consumption behavior a consumer engages in reflects some consistency with their gender identity. Gender-role stereotypes and the way women in particular are portrayed in advertising is a topic that has occupied researchers for decades, (Lyonski, 1985; Michell & Taylor, 1989; Milner & Higgs, 2004). This type of stereotyping as an advertising strategy attempts to pull together shared experiences common and appealing to that particular gender (Fugate & Phillips, 2010). Furthermore, women are more likely to develop positive attitudes and purchase intentions towards an event that is endorsed by a female athlete who is perceived as an expert (Fink, Cunningham & Kensicki, 2004).

Sport participation in Australian has grown in recent years with at least 65% of the Australian population of those aged 15 years and over reporting participation in sport and
physical recreation in 2011–2013. In general, males had only slightly higher participation rates than females (66% and 64% respectively). Similarly, participation rates in organised activities were almost equal for males and females (28% and 27% respectively) but were marginally higher for males (54%) than females (51%) in non-organised activities, (ABS 2013). The popularity of women’s sport and the increasing number of female sport consumers has led to consistent growth in terms of both participators and observers in an underestimated consumer segment in the sports market (Dix, Phau & Pougnet, 2010). Furthermore, the global sports apparel market which includes women’s activewear is set to grow to $178 billion by 2019, resulting in the growing attractiveness of the sports market (Sherman, 2014).

2.0 Literature Review

Advertising not only reflects the attitude of a society but it may also play a pivotal role in shaping it. Images can be very powerful at attracting attention and may often deliver most of the impact for the message conveyed by an advertisement, (Kang, 1997). However, advertisements do more than just remind, persuade or inform adults. Images and the messages they convey also influence the way in which children perceive the world. If gender identity is a learned way of behaving in a society then ‘gender appropriate behaviour is also a learned behaviour’ (Mayne, 2000, p. 57). If children are being exposed to images that portray women in a stereotypical way, then these messages that they see daily renew and strengthen the views that a child has of the way in which adults behave (Mayne, 2000). Mass media has long been recognised for the role that it plays in shaping opinion and framing attitudes (George, Hartley & Paris, 2001). Advertising that portrays the roles of males and females in stereotypical portrayals may be inadvertently reinforcing very skewed roles and behaviours (Lynn et al., 2002).

Research into the roles portrayed by women in general interest and women’s magazine or television advertisements, (Lyonski 1985; Michell & Taylor 1989; Ford, LaTour & Lundstrom 1991) explores stereotypes identified in the early seventies by pioneering gender based researchers (Courtney & Lockertz, 1991) which found that women in advertising were depicted in stereotypical roles according to four basic categories:

1. women are dependent and need men’s protection
2. the women’s proper place is in the home;
3. women are regarded as sex objects by men; and
4. women do not make important decisions.

Although fewer studies have been conducted on the way women are portrayed in sports related advertising and the content of magazine articles, (Grau, Roselli & Taylor, 2007; Cuneen et al., 2007), many of the gender portrayal stereotypes identified in other studies of advertising are also reflected here.

Despite the finding that women are approaching the number of men in both the United States and Australia (ERASS 2010) women athletes appear to be treated in quite a traditional and stereotypic way (Leath & Lumpkin, 1992). In many cases women are shown statically posed rather than actually partaking in activity. Results by Cuneen et al., (2007) showed that 81% of advertisements featured women in passive poses compared to only 19% in active poses. An outcome that complements those of the Leath and Lumpkin (1992) study which found ‘females pictured on the cover of Women’s Sport and Fitness magazine would probably be posed, rather than displaying their athletic prowess’ (1992, p. 125). Similarly, other studies showed ‘there was a tendency for newspapers to print more active photographs of male athletes than of female athletes’ (George, Hartley & Paris 2001, p.96).
3.0 Methodology

A total of 24 magazines published in Australia were chosen through judgmental sampling from a possible 1100 magazine titles available through retail outlets. From this sample pool, 267 advertisements were collected for analysis. Magazines were chosen because they ‘provide high quality, enduring images and a strong visual impression of the models in their advertising’, (Wiles, Wiles & Tjernlund 1995, p. 41). The 267 advertisements were segmented by sports magazine category; 10% (26) cycling, 17% (46) general, 11% (29) golf, 16% (43) running, 5% (14) men’s health, 2% (6) motor sports, 23% (61) mountain biking, 2% (6) tennis, 11% (29) triathlon and 3% (7) women’s health. Of the 267 ads 185 contained images of males, 52 of females and 30 with images of both males and females formed the basis for content analysis. As a systematic and quantitative discovery of message content that is useful for analysing print material because its technique yields replicable and valid inferences (Krippendorff, 2003). It has been widely used for interpreting the content of messages sports advertising and in the portrayal of women in sport advertising in assessing photographic content (Grau Roselli & Taylor 2007; Hardin, Lynn & Walsdorf 2006; Lynn et al., 2002). As a widely used research methods in gender role portrayal research, this methodology that not only explores images but also the latest meanings embedded in the verbal messages (Zhang, Srisupandit & Cartwright, 2009).

To ensure unbiased data collection all advertisements that met the following criteria were included in the sample (Cuneen et al 2007; Hardin, Lynn & Walsdorf, 2006).

- Advertisements had to be at least half page in size (horizontal or vertical), full and double page advertisements were also included
- Duplicate advertisements featured in different magazines were also included in the sample
- Advertisements have to feature at least one human, advertisements containing both male and female subjects were included
- Advertisements had to be of a sports related nature, for example sports clothing, footwear, equipment, vitamin supplements, sports events

To effectively analyse the content of advertisements, a variety of units of analysis were used. These included gender; level of activity; connotation; camera angle; type of sport; type of product; sport category; clothing worn  Similar units of analysis have been used in previous studies. Grau, Roselli & Taylor (2007) questioned the product endorsed, type of sport and type of dress. Cuneen et al (2007) explored the pose, connotation and camera angle, whilst Hardin, Lynn & Walsdorf (2006) used variables including, sport type and sport category. In studying cover images of women’s sports and fitness magazines, Leath and Lumpkin (1992) investigated level of activity’. Interjudge reliability was 97.32 per cent (57 errors) which is above the ‘85 per cent suggesting a satisfactory level of interjudge reliability’ (Kassarjian, 1977). Each incorrect datum was reviewed and in the case where no clear decision made by the three assigned independent coders according to the definition of the unit of analysis, researcher discretion determined the outcome.

4.0 Findings

To examine the role portrayal of women in sports advertisements in Australian sporting magazines 267 advertisements were analysed using descriptive and content analysis. Descriptive results showed women featured less often than males (19% female to 69% male and 11% images of both) in sports advertising. Female subjects were more often posed
(stationary or standing) than actively engaged with the sport activity (58% to 41%) than male sportsmen. In terms of depicting physical capability, males were usually shown in a strong connotation (73% to 36%) undertone suggesting competence, physical dominance or power. Camera angles showed 6% of images were taken from an upper plane (above), 9% were from a lower plane (below) and 85% where the subject and photographer were on the same plane (straight). Results for camera angle straight were similar for both males and females (84% to 88%) respectively.

In term of type of sport and category results indicated 59% of males were represented in an individual sport with 11% depicted in team sports. Of the female sample, women were represented in 85% individual and 2% team sport. Females were more prevalent in sporting advertisements for sporting clothing (23% to 15%) than males. The female sample showed equipment advertised in 27% and footwear in 27% and other products in 23% of ads. Results were similar for males with equipment (41.62%) and other (33%) but clothing (15%) and footwear (10%) were lower. Almost 60% of subjects wore clothing that partially exposed the body but was considered appropriate for the sport such as a running shorts and singlet, 29% depicted conservative clothing suited to sport e.g. tracksuit, a further 2% of images were nude and 7% showed workout attire that was considered sexy such as two piece bathing suits. Results for the females showed a significantly more females were considered to be wearing sexy attire than males (21% to 3%). Four categories of the type products were investigated; footwear, clothing, equipment and other which included products such as sporting events, sports drinks and vitamin supplements. A series of hypotheses were posed prior to this (see Table 1).

### Table 1

| Gender | Males are featured more than females in sports advertisements in Australian sports magazines | $\chi^2(1, N = 267) = 3.829, p <0.05$ |
| Level of Activity | Females are more likely to be shown posed rather than active than males | $\chi^2(1, N = 267) = 3.235 \ p <0.05$ |
| Connotation | Females are more likely to be shown as less physically capable than males | $\chi^2(1, N = 267) = 8.316, p <0.05$ |
| Camera Angle | Females were more likely to be photographed from a level plane than males. | $\chi^2(1, N = 267) = 20.34, p <0.05$ |
| Type of product advertised | Females are more likely to be promoting non-sporting products (clothing, footwear, and sporting equipment) than males. | $\chi^2(1, N = 267) = 21.06 \ p > 0.05$ |
| Type of sport and category | Females are more likely to feature in an individual sport more often than a team sport then males | $\chi^2(1, N = 267) = 111.8 \ p < 0.05$ |
| Clothing worn | Females will be more likely to be dressed sexily more often than males in | $\chi^2(1, N = 267) =0.803 \ p < 0.05$ |
5.0 Discussion and contributions

The results of this study suggest that women are not represented in sport advertisements in sporting magazines to the same level of frequency as their male counterparts. Significant differences were found across the units of analysis of gender, level of activity, connotation camera angle, type of sport, category of sport and clothing worn. The unit of analysis of “type of product” was the only non-significant finding. A lack of equal representation concurs with other studies conducted in the field of sports advertising (Grau, Roselli & Taylor 2007; George, Hartley & Paris 2001; Lynn et al., 2002). However since advertising as part of marketing communication is considered to reflect the attitudes of society (Kang, 1997), it is concerning that results of this study are similar to those conducted nearly twenty years ago by Leath and Lumpkin (1992).

There are however, some positive signs that the role portrayal of women in sports advertising context is changing and it seems that Australian sporting magazines are starting to reflect this trend. There are indications that the gap in the frequency of appearance between males and females in sports advertisements may actually be shortening. Lynn at al., (2002) found that males outnumbered females at a ratio of 5:1 but concluded that this was an improvement on the 9:1 ratio found in a similar study (Cuneen & Sidwell, 1998). At a ratio of 3.5:1, results of this study has shown a marked increase in the frequency ratio with more than a 100 per cent increase over ten years. If these frequency trends continue, the number of advertisements featuring women may be equivalent to those featuring males and importantly represent women’s growing participation in physical activity in Australia. However although there are signs that women are appearing more frequently in sports advertising, stereotypes continue to exist in the ways they are being portrayed in images, particularly in relation to demonstrating their sporting prowess and activity patterns.

Research has indicated that gender representation in media can affect people’s attitudes and behaviours (e.g Zhang et al., 2009; MacKay and Covell, 1997). By reflecting certain roles for men and women, advertising reinforces beliefs that those roles are ‘proper’, ‘best’ or ‘natural’ (Hawkins and Coney, 1976). In this capacity, advertising can anticipate and reflect social and cultural changes that advance the empowerment of each gender. The findings of this study have important implications for editorial, advertising and marketing policy. First, the continuing encouragement of female participation in sport via positive representation as an active participant rather than static portrayal as a passive object creates affirmative advertising endorsement and vicarious role models to other women. Secondly such representation of females in media may translate to social and health benefits at both an individual and cohort level for Australian women. Lastly, this paper has highlighted the dearth of current research dealing with the portrayal of sportswomen in an era where representation of gender is constantly changing.

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Modelling the Drivers of Attention to Advertising: the Case of Online Magazines

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Abstract
A perennial challenge for advertisers is how to gain the attention of consumers. This study investigates in-media drivers of attention to advertising (namely, the impact on advertising attention of duration, breadth, variety and frequency of media usage). Analysis of a 6-month online magazine subscriber dataset shows that variety of media usage is a more important driver of attention to advertising than the number of times an issue is viewed or the proportion of pages of an issue that are viewed. Results provide publishers and editors with insight into approaches that can be used to further increase their users’ attention to advertising within an online magazine.

Keywords: attention to advertising, online magazines, clickstream data, GLMM

Track: Marketing Communications

Introduction
Capturing and keeping the attention of consumers is a major challenge for advertisers; consumers confront an increasing volume of environmental stimuli, they face a world of media clutter, and multi-task using a plethora of technological touch points. And yet in this complex and cluttered environment advertisers need to get their radio ad heard, their magazine ad read and their billboard seen by their target audiences.

Attention is the awareness and processing of information from our surrounding environment; it is crucially important as a measure of advertising effectiveness, alongside other measures of the way consumers assess brand communications. Greater attention is measured in terms of time spent looking at the advertisement, which has been shown to give rise to improved attitudes to advertising, higher purchase intentions, and stronger sales effects (Goodrich, 2011; Milosavljevic, 2007; Zhang et al., 2009). Specifically, duration of exposure to advertising is an appropriate measure of advertising effectiveness and the principle of assessing duration is well established for media vehicles such as television (Danaher, Mularkey & Essegai, 2003).

In this paper our focus is online media, where attention to advertising is a key issue in determining advertising effectiveness (Ha, 2008). We carry across from studies of other media the notion that duration of exposure is an appropriate measure of effectiveness and note it can be operationalised as gaze duration, from eye-tracking, or page duration, from websites. Here we concentrate on page duration as the dependent variable, driven by in-media consumption behaviour. Drivers that have been examined in both information systems and marketing to understand consumption behaviour include usage frequency, usage variety and usage extent (Jamalzadeh, 2011; Page & Uncles, 2014). For instance, is attention to the adverts appearing in National Geographic or Forbes driven by the frequency with which subscribers read different issues of the magazine and/or by the variety of sections in these magazines that a subscriber reads? By answering questions such as this, advertisers and publishers can evaluate whether different subscriber in-media usage characteristics affect attention to advertising and gain insights into the characteristics, such as driving increase variety of use or frequency of use, which could be encouraged to enhance attention to advertising whilst reading a magazine.
Drivers of Attention to Advertising

Attention to advertising (AA) is defined as the duration of exposure to a webpage (page duration), as measured with data collected from the behavioural log file of the website (clickstream). The exposure duration metric has been used in a number of studies investigating website browsing behaviour (Bucklin & Sismeiro, 2003; Danaher, Mullarkey & Essegaier, 2006) and practitioners see it an important metric for the evaluation of website performance. Duration is a widely used measure of website performance by commercial providers, including Media Metrix and ACNeilson’s Netratings.

Literature on web usage and audience use metrics in multiple domains (including information systems, media, consumer and communication) shows there are three dimensions of online consumption: frequency, variety, and extent of use (with the latter comprising duration and breadth) (Page and Uncles, 2014). This provides a framework to develop propositions.

Usage frequency (UF) is the number of visits a subscriber has with a magazine issue or sessions with a website or e-book during a specified time period. UF is a common metric in marketing studies and its role has been investigated in customer retention (e.g., Fader, Hardie, & Lee, 2005); as a criterion for segmentation (e.g., Chatterjee et al., 2003); and modelled in online shopping behaviour (Naseri & Elliott, 2011) and mobile phone marketing (Yang & Zhou, 2011). Chatterjee et al. (2003) demonstrated that increases in usage frequency lead to longer visits and greater exposure to passive adverts. We therefore propose:

P1: In-Media Usage Frequency is positively related to AA (exposure duration).

Usage Variety (UV) is defined as the number of different sections a subscriber uses of a magazine issue. Usage Variety has been investigated in online information behaviour literature (Zhang & Zhang, 2013; Huang et al., 2007). Advertising is typically spread through magazines, newspapers and digital television, with a higher density at the beginning and end of sections. We therefore propose:

P2: In-Media Usage Variety is positively related to AA (exposure duration).

Usage Extent (UE) can be further classified as Usage Duration and Usage Breadth. Usage Duration (UD) is the total attention given to a magazine, website or e-book during a specified time period. Danaher, Mullarkey and Essegaier (2003) demonstrated that longer duration of attention to an ad led to greater recall and recognition of advertising. We therefore propose:

P3: In-Media Usage Duration is positively related to AA (exposure duration).

Usage Breadth (UB) is the proportion of a magazine, website or e-book consumed during a specified time period. The overall amount consumed is a basis for setting usage fees of e-reader subscribers of books such as Scribd and Oyster, where subscribers pay depending on the amount of the book that is read (Streetfield, 2013). Petric, Basal and Gopal (2013) stated that the more of a magazine that is read the greater the opportunity to see advertising (OTSA). Assuming OTSA leads to attention, we propose:

P4: In-Media Usage Breadth is positively related to AA (exposure duration).
All variables are investigated collectively (taking into account positive and negative relationships of UF, UV, UD, and UB to AA) in a multivariate analysis. This determines the relative weight of importance of each variable on attention to advertising.

Data and Measurement

Data on in-media behaviour is captured automatically on websites, online magazines, and e-readers in the online environment. In our study, clickstream data files for a weekly online magazine were made available by a leading publisher of online newspapers and magazines. Data for a six-month period, covering 19 issues of the magazine, for all subscriber activity were provided from a client-side log file. The files capture all activities including page-views and page-view durations for subscribers to the magazine site.

The subscription nature of the dataset requires a user to log-in to the digital magazine site, and therefore subscriber identifications can be matched to media consumption on the site. The dataset contains information from 58,476 subscribers who accessed a cumulative total of over 176,000 issues of the magazine. Due to privacy and confidentiality concerns, demographic information is not available. Variables are summarised in Table 1.

<table>
<thead>
<tr>
<th>Table 1: Variable Name and Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Variable Name</strong></td>
</tr>
<tr>
<td>Advertising Attention</td>
</tr>
<tr>
<td>Usage Frequency</td>
</tr>
<tr>
<td>Usage Variety</td>
</tr>
<tr>
<td>Usage Duration</td>
</tr>
<tr>
<td>Usage Breadth</td>
</tr>
</tbody>
</table>

*Advertising Attention is a subset of total usage duration but the parameters are not highly correlated (Spearman correlation of 0.52).

Descriptive statistics for the variables are provided in Table 2 and the correlation of the variables is provided in Table 3.

<table>
<thead>
<tr>
<th>Table 2: Descriptive Statistics for Variables (n=176,028)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Variable</strong></td>
</tr>
<tr>
<td>Advertising Attention</td>
</tr>
<tr>
<td>Usage Frequency</td>
</tr>
<tr>
<td>Usage Variety</td>
</tr>
</tbody>
</table>

1 The dataset is a census of paid print and online, and online alone, subscribers. Institutional and non-paying subscribers (publishing company employees, advertisers and media buyers) are not included in the dataset.
Table 3: Correlation of the Fixed Effects Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Usage Frequency</th>
<th>Usage Variety</th>
<th>Usage Breadth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Usage Variety</td>
<td>-0.03</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Usage Duration</td>
<td>-0.01</td>
<td>0.00</td>
<td>-0.96</td>
</tr>
<tr>
<td>Usage Breadth</td>
<td>0.00</td>
<td>-0.96</td>
<td>0.00</td>
</tr>
</tbody>
</table>

A generalised linear mixed model (GLMM) is used. GLMMs manage non-normal data and random effects (Bolker et al., 2008). GLMMs account for the longitudinal nature of the data – multiple measures from a large number of individuals at different time points and with different number of time points (unbalanced dataset) – and the issue-varying usage variables.

Model Specification

The GLMM model takes the form (Breslow & Clayton, 1993):

$$ \eta_i = \sum_{j=1}^{s} \beta_j x_{ij} + \sum_{k=1}^{s} Z_{ik} U_{ik} $$

Consider the case of Vogue subscriber $i$ reading the $j$th issue of the magazine which is the $k$th issue they have read. The linear component of the model, $\sum_{j=1}^{s} \beta_j x_{ij}$, can be written:

$$ AA_{ij} = \beta_{0j} + \beta_{1j} UF + \beta_{2j} UD + \beta_{3j} UB + \beta_{4j} UV $$

Where $AA_{ij}$ is the advertising attention the Vogue subscriber $i$ pays to issue $j$. UF, UD, UB, and UV are the variables usage frequency, usage duration, usage breadth, and usage variety. $Z_{ik}$ refers to the levels of random effects due to the Vogue subscriber $i$ and the issue $j$ (which can be annotated as $(1|user)$ and $(1|issue))$, and $U_{ik}$’s are the parameters of random effects assumed to be normally distributed, that is, $U_{ik} \sim N(0, \sigma^2)$.

The model (2-level) for the $ith$ subscriber of the $jth$ issue is provided below (expressed with subscripts to avoid working with vectors). At 2-level, the only intercept is random and the rest are constant across users and issues:

- **Level 1**: $AA_{ij} = \beta_{0j} + \beta_{1j} UF + \beta_{2j} UD + \beta_{3j} UB + \beta_{4j} UV + e_{ij}$
- **Level 2**: $\beta_{0j} = \gamma_{00} + \mu_{0j}$
- **Level 2**: $\beta_{1j} = \gamma_{10}$
- **Level 2**: $\beta_{2j} = \gamma_{20}$
- **Level 2**: $\beta_{3j} = \gamma_{30}$
- **Level 2**: $\beta_{4j} = \gamma_{40}$

Combining 2-level equations into 1-level yields the mixed model specification (combined they give the estimated intercept for a particular user):

$$ AA_{ij} = (\gamma_{00} + \mu_{0j}) + \gamma_{10} UF + \gamma_{20} UD + \gamma_{30} UB + \gamma_{40} UV + e_{ij} $$

Hence the model can be expressed as:

$$ AA \sim UF + UD + UB + UV + (1|user) + (1|issue). $$

Results

This study looks at a subscriber’s attention over time to a magazine. Data are analysed with a GLMM using R (R Core Team, 2013) and lme4 (Bates, Maechler, Bolker, & Walker, 2014).
Usage variables were initially compared individually against a null model (random effects only) and UF, UV, UD and UB were all found to be significant. Therefore propositions P1-P4 were all supported. A full model was then performed which was significant compared to the null model (AIC 2,745,793, $\chi^2=753.5$ df=4, p<.0001). The results for the fixed effects and random effects are presented in Tables 3 and 4 respectively.

Table 3: Model Results for Fixed Effects

<table>
<thead>
<tr>
<th>Variable</th>
<th>Estimate</th>
<th>SE</th>
<th>t-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>UF</td>
<td>15.43</td>
<td>0.75</td>
<td>20.60</td>
</tr>
<tr>
<td>UV</td>
<td>122.50</td>
<td>23.93</td>
<td>5.12</td>
</tr>
<tr>
<td>UD</td>
<td>0.00</td>
<td>0.00</td>
<td>14.68</td>
</tr>
<tr>
<td>UB</td>
<td>-282.40</td>
<td>36.37</td>
<td>-7.76</td>
</tr>
<tr>
<td>Intercept</td>
<td>-21.52</td>
<td>5.20</td>
<td>-4.14</td>
</tr>
</tbody>
</table>

Results for the fixed effects show that usage variety has the largest positive impact on attention to advertising, and usage breadth has a negative impact. Usage duration did not have an effect, and usage frequency, the number of times you use an issue, had a very small impact on attention to advertising.

Note that significance is not routinely reported for mixed models. The recommended approach to determine significance for variables is comparing the model with a parameter to a model without a parameter. In this study, each variable was compared to a null model (a model with only random effects) prior to being included the full model.

Table 4: Model Results for Random Effects

<table>
<thead>
<tr>
<th>Random Effect</th>
<th>Variance</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>User</td>
<td>29,799</td>
<td>172.62</td>
</tr>
<tr>
<td>Issue</td>
<td>364</td>
<td>19.09</td>
</tr>
<tr>
<td>Residual</td>
<td>323,396</td>
<td>568.68</td>
</tr>
</tbody>
</table>

The results in Table 4 demonstrate the variability of the random effects, user and issue, on the dependent variable, Advertising Attention. There is a lot less variability between issues of the magazine than between the users, which would be expected. The residual highlights the variability that is not due to the two random effects.

**Conclusion and Extensions**

This paper explores the impact of usage variables (frequency, variety, breadth and duration), on attention to advertising. Usage variety has the largest positive impact on attention to advertising. This finding provides publishers and editors with important insight to improve users’ attention to advertising; for example, it is more impactful to increase a user’s variety than the frequency of use. Initiatives, such as providing recommendations to further articles in the current edition that are popular or have been read by similar users (similar to recommendation systems on shopping websites), could potentially impact attention to advertising and be more effective than sending users emails to highlight future articles; that is, extending a user’s current session is more important than driving additional sessions.

Several analytical extensions are possible. Our data were normalised by taking the natural logarithm and assuming a Gaussian distribution for the GLMM; however, another approach is to work with an alternative distribution (e.g., log-normal).
The current study draws upon a single dataset for a general interest magazine such as National Geographic or Forbes; however, the generalizability of these results could be extended by repeating this analysis with contrasting types of magazine—for example, a comparison of prestige and general interest magazines (Gourmet compared to Cleo) or consumer versus trade/professional journals (Dolly compared to AMJ). Further, this analysis is performed at a magazine issue aggregated level; it could be extended through page-by-page path analysis to see the effect of advert positioning in-media. Finally, the focus on in-media behaviour means no external drivers (such as consumer characteristics) are considered, although with additional data these could merit investigation.

References


Do You Know Which Story Your Logo Tells Your Consumers? 
The Gap between Intended and Perceived Messages from Well-Known Logos

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Abstract
Logos are created by companies to convey their values to consumers and tell stories about their brands. In this research we interviewed 56 respondents from 8 countries about a sample of six well-known logos. We aimed at identifying gaps between the stories conveyed by the logos and the stories respondents told about the same logos. Results demonstrate that such gap exists and that media communication about the brands takes over the stories told by the logos.

Keywords: communication, storytelling, image
Track: Marketing Communication

1.0. Background
Logos have long been a tool for companies trying to win over customers. The logo acts as a badge of identification, as a mark of quality and as a way to increase a company’s reputation. (Hynes, 2009). The identity of an organization is what its members regard as the focal, distinct and lasting features of their company. Companies transmit these features through their behavior, communication and symbols. Symbols, more specifically logos, can be viewed as an effective tool that management can use to orchestrate the desired features that the company wants to convey (Pham et al., 2012). In this research, we aimed at identifying consumers’ perceptions of well-known logos and their interpretation of the stories and values they ought to convey. We first present the conceptual background about logos and then analyze the logos uses in the research and present our findings. We conclude with the managerial implications as well as the limitations of our study.

2.0 Conceptual Foundations
Companies use logos for every possible corporate communication to develop a holistic recognition of the company. Creation of positive impact about the company is a major motivation behind development of logos. Logos are an extension of the company and its values; a visual expression of what the company stands for and help building brands’ reputation. (Banerjee, 2008). Logos are ubiquitous and are now accepted as an important part of a brand’s activities. These activities may include being part of a marketing communications strategy aimed at developing, establishing and promoting brand awareness, brand recall, a particular brand image or a consensus about the philosophy and nature of a brand. Henderson and Cote (1998, p. 14) defined logos as: “A variety of graphic or typeface elements…. the graphic design that a company uses, with or without its name, to identify itself or its products” (Chadwick and Walters, 2009).

Symbols are organizational artifacts (objects, actions, or events) to which people attribute meaning. One subset of symbols includes visual and identifiable symbols, such as logos. (Rafaeli et al., 2008). The link between logo and brand is the most direct graphic connection that customers can have with a brand. It’s an anchor point; a shorthand for all the meaning in brand experience. Thus, logos retain equity and are the most recognizable part of a brand’s visual identity and a popular medium of corporate communication to broadcast brand imagery. They are most used visuals of a company and important mediums to project an image. (Banerjee, 2008). According to Henderson and Cote (1998), logos should be
recognizable, familiar, elicit a consensually held meaning in the target market, and evoke positive affect. Logos should speed recognition of a company or brand. The rationale is that pictures are perceived faster than words. This is important because many company communications are seen for only a brief time and are important particularly in stores as a means of speeding recognition of products. Logo is the first interaction point of a company and its consumers.

A logo creates a visual imagery in the mind of the consumers and it helps recognition and recall of the company or brand associated with it. Logo recognition occurs at two levels. First, consumers must remember seeing the logo (correct recognition). Second, logos must remind consumers of the brand or company name (recall). Therefore, facilitating recall of the company logo starts with selecting a design that is recognized easily. Positive affective reactions are critical to a logo’s success because affect can transfer from the logo to the product or company. Subjective familiarity can result from a logo evoking a familiar meaning or from the design being similar to well-known symbols. Either way, subjective familiarity can benefit a logo because it can increase affect, create more consensually held meanings and even enhance choice of a brand if brand experience is limited (Henderson and Cote, 1998).

Logo selection can be an extremely difficult task for companies, because a number of considerations such as colors, graphics, layouts, and sights, all play an important role. In addition, it is also very likely that the desired responses to the logo are not achieved because a logo’s design may make it difficult to associate with the organization, or it seemingly fails to convey the ideas originally intended. However, if carefully managed, a logo can contribute to the competitive advantage by enhancing a company’s reputation. Logos increase an organization’s recognition. The premise behind this is that pictures convey information faster than words. That is why the appropriate selection of logo is vital, because they are one of the primary instruments to communicate a company’s image (Pham et al., 2012).

Logo is an important part of the brand as it signals brand character through a stylized treatment of the company or brand name. It is like a signature of a person. Its main function is to remind the brand and make sure that “it remains at the forefront of the audience’s thoughts” (Herskovits and Crystal, 2010, p.21). Van Riel and Van den Ban (2001) explain the intrinsic and extrinsic properties for logo designs. Intrinsic properties of logos are the degree of representativeness of the logo, in other words, a perception of the graphical representation of logo. Hynes (2009) provides empirical evidence that color and design of the logos are directly related with representativeness. Color and meaning of the logo are closely linked for implicitly illustrative or pictorial logos. Consumers can elicit strong associations among designs and meanings for abstract logos, however, color choices can vary widely. In short, consumers can drive meaning from color as well as designs. Extrinsic properties of logos, on the other hand, originate from associations with the company or brand. Accumulation of perceptions about past actions of the brand and intensity of communications of values of brand to internal and external audiences define brand associations (Girard et al., 2013).

Logos have become increasingly important not only as a way to capture awareness but also as a means of communicating with consumers because they are frequently the first exposure consumers have to a brand or company. Moreover, firms are increasingly presenting logos in various marketing communications with little or no copy, making the visual element of a logo even more important (Cian et al., 2014). Indeed, logos are taking such an important role in companies’ brand image that a service called gazemetrix is allowing companies to track how often their brands’ logos turn up on social media sites. This image recognition will
let companies make sense of the thousands of pictures snapped a day and uploaded to social media, letting marketers understand the power of their brand logo (Computerweekly.com).

It is thus clear that logos are created to convey messages to consumers about the brands they represent and to create an emotional link between consumers and those brands. However, companies are not always able to ensure an understanding of the message to be conveyed as intended by the company. Indeed, consumers might have a different perception of the story the logo tells them. Thereby, the purpose of this research was to study the perception consumers have of six well-known logos and compare them to the initial intended message to be conveyed as described by the companies in order to identify potential gaps between the story told by the company and the story received by consumers.

2.1. From brand names with logos to logos without brand names

Logos are created to convey messages and values to customers but also evolve in terms of shape, colors and elements that are part of it. As a general trend, most brands have been dissociating their brand names from their logos. More and more brands are trusting consumer ability to memorize a logo as part of a brand and recall the brand name when stimulated only by the vision of the logo thanks to classical conditioning processes. The foundation of the classical conditioning theory lies in the non-conscious link between two stimuli. Results provided support for the hypothesis that humans do acquire information non-consciously and store it in long term memory, without being aware of the source of the covariation information. Indeed, thanks to classical conditioning processes, consumers learned to associate a brand name to a logo and now are able to recognize a brand name without seeing it. Classical conditioning is generally accepted in the consumer behavior literature as a mechanism relevant for understanding and producing advertising effects. The conditioning paradigm is based on the transfer of responses between stimuli. Pavlov’s experiments led to the conclusion that the repeated pairing of a Conditioned Stimulus (CS) with an Unconditioned Stimulus (US) will cause the CS to elicit a Conditioned Response (CR) in an unconscious, automatic fashion (Russell, 1998). Pavlov’s experience started with providing food to his dog and seeing it salivating. The food was the unconditioned stimulus and the salivation was the response to the stimulus. Next, Pavlov associated the sound of a bell as a conditioned stimulus to the food. By repetition, the dog understood that each time it heard the bell, the food was served and started salivating even before seeing the food. Consumers learned by classical conditioning to associate specific brands to specific images, that is their respective logos. Today, brands removed their brand names from their logos as the visual image is now enough to entail brand recognition and recall from consumers. Examples of some logos are presented in Figure 1.

Figure 1 – Logos with and without brand names

3.0 Methodology

In this research we analyze a sample of six logos from companies from different countries. The main purpose of our study was to identify the story conveyed by the logos as perceived by consumers and the potential cues about the country of origin of the corresponding brands. To do so, we interviewed 56 respondents from 8 different countries (Norway, Canada, Argentina, United Kingdom, Switzerland, Germany, United States, and
South Korea). The method chosen was word association as a validated projective technique (Morrison et al., 2005). Participants of the convenience sample were students from a graduate program in a main European university and were interviewed separately. Sixty eight percent of respondents were female and ages ranged from 25 to 35. Researchers ensured that no contact with other participants was made until the experience was over.

Our study was composed of two main steps. The first step consisted in showing logos with no brand names to participants and asking them to identify the brand name. We aimed at confirming the assumption that thanks to classical conditioning processes consumers are able ‘to see’ the brand name through their logos. Next, we showed, one by one, the logos of the six brands analyzed in this research and asked respondents to tell all the first words that came in their minds. The main objective of this phase was to identify the values and messages conveyed by the logo as perceived by the respondents. In addition, we asked respondents which countries the brands were from. Before presenting our findings, we will describe the logos as presented in secondary sources of information either from the companies themselves or from independent sources.

3.1. Analysis of the logos

**Red Bull** – The primary ingredient of the product being taurine (Taurus) bulls are central to this brand’s logo. Bulls are considered strong and powerful animals and commonly associated with strength and energy. By placing the animals face to each other with their horns poised to attack, the logo hints at one having the ability to fight although as twins they are equal rivals. Behind the red bulls there is a clear depiction of the sun which is the greatest source of natural energy. The sun rejuvenates and refuels the planet. The colors are red for the strength and blood and yellow for the energy, illumination and stimulation. The packaging is covered in blue and silver checkered wrappings which mimic the checkered flags used in competition racing. The product, is commercialized by an Austrian entrepreneur who first got to know it in Thailand.

**Innocent** – Made of fresh fruit and juice with no concentrates, Innocent smoothies became quickly well-known as natural and ethical products. The brand’s unique selling point is the way the company produces and markets its products. The logo is a piece of fruit with a face with a halo above it. Such logo gives the brand an image of ethical consciousness and pride. Innocent wants to convey their values of being natural, entrepreneurial, responsible and generous. In line with the brand name Innocent, the logo conveys an image of product free from moral wrong; without sin and thus pure. The company is English and has been recently taken over by Coca-Cola Company.

**Puma** – The shape, the font and colors of the logo convey the image of a strong competitor and a reliable brand. Puma is a strong predator, active both during the day and the night. The image of the leaping puma is in line with the message that the brand is targeted to highly competitive individuals, who aspire to be like the victorious athletes featured in Puma’s advertising campaigns. The black color conveys reliability and stability, power and achievement, and the bold font conveys conviction and strength. Puma is a German brand.

**Rolex** – The crown triumphing on top of a stainless steel brand name has oblivious relations to the image of royalty. A crown represents a pinnacle in one’s life, the highest point of quality, achievement or even fame. It relates to a top ranking title that may be the significance of a victory or a supreme achievement. The golden color of the crown represents
sophistication and highness. The sober dark green for the brand name indicates tradition and quality. Rolex is a Swiss brand.

**Starbucks** – The real origin of the siren with twin tails remains unknown. However, analysis of mythological sirens lead to interpretations of perfect balance between male and female characteristics, the power of the sea and the ability to seduce. Seattle, the place where Starbucks started is close to the sea and all the goods traded by the company came from abroad on ships. Sailors are known as being unfeary and tough people, able to endure most dangerous situations caused by natural threats except the song of sirens. The irresistible coffee and cozy place offered by Starbucks to their clients attracts all types of people worldwide. The colors of the logo are green and white, green meaning ethical and relaxation and white purity in the western world. Starbucks in an American company.

**McDonald’s** – From a capital M to golden gates, the logo of McDonald’s is well-known and recognizable worldwide. The colors red and yellow are known as stimulating blood pressure and evoking hunger. Also, they are the colors of meat and bread. Now a days, yellow turned into gold and red has been replaced with green in most European countries to give the brand a more natural and ethical image. McDonald’s is an American company.

### 4.0 Findings

The first phase of our research demonstrated that consumers are indeed able to recognize brand names thanks to their logos. However they are less sure about the message and the values logos are meant to convey. Table 1 presents the main outcomes from our study.

**Table 1 – Logos and word association**

<table>
<thead>
<tr>
<th>Logo</th>
<th>Words associated</th>
<th>Country of origin</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image" alt="Red Bull" /></td>
<td>Energy, night clubs, exams aggressive, hot, spicy, competition, forbidden, dangerous, mysterious.</td>
<td>US, Canada, Spain</td>
</tr>
<tr>
<td><img src="image" alt="inCinneid" /></td>
<td>Ethics, natural, fruits, juices, sun, fun, happiness, different, for kids.</td>
<td>US, Germany</td>
</tr>
<tr>
<td><img src="image" alt="Puma" /></td>
<td>Leisure, luxury, sports, male, weekend wear, gym bags, competitive, simple, cool, wild, predator, movement.</td>
<td>US</td>
</tr>
<tr>
<td><img src="image" alt="Rolex" /></td>
<td>Expensive, luxury, famous, glamour, prestige, sophistication, airports.</td>
<td>Switzerland</td>
</tr>
<tr>
<td><img src="image" alt="Starbucks" /></td>
<td>Fast-food, coffee, cozy, chats, friends, aroma, expensive, international, easy, movies.</td>
<td>US</td>
</tr>
<tr>
<td><img src="image" alt="McDonald's" /></td>
<td>Fast-food, burgers, inexpensive, is everywhere, greasy, calories, American way of life.</td>
<td>US</td>
</tr>
</tbody>
</table>

As showed in Table 1 there is indeed a gap between the messages companies want to convey through their logos and the interpretation consumers have of them. In some cases, consumers did not even describe or interpret the logo. Rather, they associated words with the
company itself as for Starbucks and McDonald’s. For Starbucks, there were no allusion at all to the siren. Consumers evoked the coffee houses and the service itself. It looks like they don’t even notice that there is a link with the sea and that the siren has twin tails. Likewise, for McDonald’s no comments were made about the Golden gate or the colors or the name. Here again, consumers evoked the service provided by the company instead of associating words with the logo. Intrigued by these results, we interviewed some respondents about their responses to these logos and it came out that the massive communication about these two companies took over the information conveyed by the logo. Moreover, there is a wear out of the impact of the logo as it is seen everywhere every day. Consumers might not even notice what is in it anymore. Certainly, these logos are part of consumers’ daily lives and as becoming part of their well-known landscape don’t ‘deserve’ particular attention given to them. Consumers focus on the products and services themselves and use the logos just as signs to identify the places they will go to hang out.

Something similar can be said about RedBull. Further than analyzing the logo, respondents focused more on the product itself. Indeed, a lot of mystery around the product was promoted as it has been forbidden in some countries like France. Consumers still don’t know exactly what the drink is made of and even if they heard about the taurine, they don’t know exactly what it is and which impact it has on their bodies. Another interesting outcome is that respondents to not bridge the subjective mystery created about the product with the objective demonstration of strength conveyed by the two bulls on the logo. There is a feeling of inconsistency between the communication and rumors about the product and the message the logo is meant to convey.

When analyzing Innocent’s logo, respondents associated words that reflected some of the values the company aims at conveying such as natural, healthy, cute. However, words associated with the logo were about the product itself and not about the logo. No allusions to the halo and the fruit depicted in the logo were made. Puma’s logo benefitted from descriptions consistent with the company’s objectives. Perhaps the use of a well-known animal makes it easier for consumers to understand the story logos aim at conveying to them. The characteristics that the brand and its logo borrow from the animal are more easily understood by consumers. This statement could also apply in some measure to RedBull (Henderson and Cote, 1998). Finally, Rolex seems to have the logo that better translates the brand’s real values, certainly thanks to the simple and non-ambiguous stimulus which is the golden crown.

The last aspect analyzed in this study was the right attribution of the brands’ country of origin. Except for Rolex, Starbucks and McDonald’s for which consumers have no doubts, all other countries of origin were wrong. It looks like for consumers all famous and successful brands ought to be from the United States.

5.0 Managerial Implications and Limitations

Given the considerable investments companies do in creating meaningful logos which role is to convey messages to consumers, marketers should ensure that consumers will be able to ‘hear’ the story as it is told by the company via their logos (Pham et al., 2012). Findings from our study demonstrate that in some cases communication about the brands and the companies are more powerful than the story told by the logo and can jeopardize its role as storytellers. Although it is proven that brands can be successful despite the fact that consumers do not notice or understand their logos – McDonald’s and Starbucks – companies should create logos consumers can understand. The subjective meanings of logos such as the
siren from Starbucks might not be analyzed or understood by consumers. Thanks to a well-designed distribution strategy Starbucks’ logo is known and recognized worldwide, however it does not mean that it is understood by consumers around the world. The question marketers should ask themselves is what they create their logos for? It is to represent the roots of the company – siren and sea-, to welcome consumers with a big capital letter – Golden Gate, to make clear the wealthy and noble brand’s target – golden crown…?

Although exploratory, our research gives some hints about the evolution of the role logos should play in a company’s life and visibility on the market. From representing the roots and the founders’ values, to telling stories about the company, logos are today just signs consumers use to identify places to go to and brands to purchase. Perhaps, competition and the constant search for differentiation have been detrimental to the storytelling role of logos. Further research should cross analyze the role stipulated for logos both from the marketers and the consumers’ points of view in order to bring them together. Furthermore, companies should consider including hints about their countries of origin when it can have a positive impact on consumers’ motivations to buy their products as for example for IKEA which logo carries the Swedish flag colors.

Among the limitations of the research presented here, we can mention the bias introduced by the logos used in the study and further research should use another set of logos in order replicate our findings. We suggest the use of logos for companies that are not so well-known so that the analysis is not influenced by what consumers already know about the companies thanks to mass communication and/or their familiarity with the brands and only focus on the story conveyed by the logos.

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Exploring Attitudes toward Product Placement in Film: A Study of Western Australian Students

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Abstract

Limited research on the growing area of product placement in Australia prompted the current research examining the attitudes of West Australian viewers’ towards the use of product placement in film. Previous research identified three factors that determine viewer attitudes toward product placement: influence/attention, ethical and regulatory concerns and the effect of realism of the placed product. Attitudes toward product placement may vary depending on what the product/service is being placed and how attitudes toward the product placement can be due to movie genre. This research found a strong positive attitude towards product placement in film, with the most appropriate products/services to be placed in a film being clothing/shoes/fashion, healthy products and automobiles with the least being cigarettes, guns and gambling. The sample of West Australian students was decidedly more positive toward product placement than respective samples from USA and South Korea, some comparisons are discussed.

Keywords: Product Placement, Advertising, Brand Awareness
Track: Marketing Communications

1.0 Introduction

This research aims to explore viewer attitudes toward the use of product placement in film. Product placement is the use of real life brands in media other than a paid advertising commercial. Product placement from a brands’ perspective can be viewed as a marketing strategy combining the essential aspects of public relations and advertising, with the aim of generating demand (Kurzbard & Soldow, 1987). It can be regarded as a hybrid-message marketing tool that is used in multiple media forms including film, television, music and video games (Lehu, 2007). The first documented use of product placement in film was in the Lumiere films of the 1890’s (Newell, Salmon, & Chang, 2006). Product placement as an industry has grown into a market worth more than $US7.3 billion dollars worldwide as of 2011 (Global Product Placement Spending Forecast 2012-2016, 2012).

The objective of product placement is to increase viewers’ awareness of a brand and or product by integrating the brands’ name, logo or a specific product within a non-advertising environment. Medias such as television, film, the Internet and mobile platforms, videogames or music (songs and music videos) use product placement to increase the opportunity to promote a sale (Danielova, 2009). The rise of product placement has coincided with the rapid adoption of technology such as the personal video recorder (PVR) that allows viewers to avoid watching commercials, thereby bypassing advertisers (Glickman & Kim, 2012). Product placement is of increasing importance now due to viewers being able to download commercial-free episodes of television onto their personal computers, mobiles and media players. Brands have responded to these changes in technology by using product placement to reach their target audience (Glickman & Kim, 2012). This promotional medium has "gained importance in the marketing communications of international advertisers, largely.
because it offers systematic duplication through the internationalization of the movie industry, especially new global media and international stars” (Khalbous, Vianelli, Domanski, Dianoux, & Maazoul, 2013, p. 138). How effective product placement is depends on the desired outcome of the brand. In many cases, sales are not the target of product placement rather, the results being aimed at increasing brand awareness (Turcotte, 2004).

Product placement, particularly within the film industry, has become more sophisticated over time and spread into multiple media forms including more recently music videos, sport and video games (Jakoby & Huuva, 2005. Product placement as a marketing tool is also being used as a tool to drive the plot (Schmitt, Rogers, & Vrotsos, 2003). Further to plot placement, advertisers now use product displacement, faux or parody placement, reverse placement and self-promotion (Jakoby & Huuva, 2005) as ways to push their product within the media the consumer has chosen to view. Products are no longer simply ‘placed’ within a movie; they are woven into entertainment content by creating a stronger emotional connection with the consumer (Lehu, 2007).

Product placement on Internet and mobile platforms has experienced the fastest rates of growth with a 27.9 percent increase in 2011; to a total spend of $US188 million globally. This increasing medium is useful for brands and is an effective form of advertising when done correctly. The spending of product placement in Internet and mobile platforms although growing rapidly is currently still much less than that of product placement in film.

Lee, Yongjun & de Gregorio’s (2011) research provided a comprehensive review of the influence of culture on product placement in film, TV and music in the North America and South Korea. Additionally it explored the elements of product placement’s influence/attention, ethical and regulatory concerns and the effect of realism of the placed product (De Lorme et al., 1994; d’Astous & Senguin, 1999; Lee et al., 2011). Attitudes toward product placement may also vary depending on what the product/service is being placed in the media and due to movie genre in which it is being placed (Gupta & Gould, 1997; Brennan et al., 2004; Sung et al., 2009; Lee et al., 2011). This current research builds specifically on the research of Lee et al. (2011) with a focus on the medium of film. Limited academic research has been conducted on this medium in Australia over the last decade. The market value of product placement in film in the Australia Pacific region is estimated at over $US170 million of a worldwide industry totalling more than $US1.5 billion (Global Product Placement Spending Forecast 2012-2016, 2012).

Prior research has addressed attitudes of product placement from the perspective of Australian marketing practitioners and decision makers, not consumers/viewers (Craig-Lees et al., 2008). An exception is Brennan et al.’s (2004) research that assessed consumer attitude on the ethical nature of product placement using ethically charged products. The research found that Australian consumers find ethically charged products less acceptable than neutral products such as clothing and electronics.

The theoretical framework was designed to examine the following research questions and compare the findings with those of Lee et al. (2011):

(RQ1) “What attitudes do West Australian viewers have towards product placement in film?
(RQ2) “What is the effect of product type on the West Australian viewer attitude of product placement in film?”
(RQ3) “What effect does the film genre have on West Australian attitudes towards product placement in film?”

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2.0 Research Methodology

The research involved three phases; the pilot study, the focus group for survey refinement, and the final survey. A review of the literature identified a number of factors that influence a movie viewers’ view of product placement in different media (Lee et al., 2011). Film genre, brand type, knowledge of product placement and national culture were all expected to influence awareness and attitudes of product placement, and perceived realism of the film. This study adapted a questionnaire from a multinational study of product placement, this allowed comparison of some of the Australian findings with results from South Korea and the North America (Lee et al., 2011). Likert scales were used to measure the constructs of influence/attention, ethical and regulatory concerns and the effect of realism of the placed product; the type of product/service being placed and the impact of movie genre was also included in the questionnaire from previous studies (DeLorme et al., 1994; d’Astous & Senguin, 1999, Lee et al., 2011; Gupta & Gould, 1997; Brennan et al., 2004; Sung et al., 2009).

The survey data was collected via a self-administered questionnaire with a final total of 258 respondents. The sample population for the study was drawn from a large Australian university. A principle component analysis was conducted to establish the three underlying factors that make up product placement, which was highlighted in past research. The component loading mean scores were then compared with the results of South Korea and North America through an ANOVA. Independent sample T-tests were then used to compare the three factors to find the significance. The results are presented here based on the research objectives of attitudes, product type and film genre.

3.0 Results and Discussion

3.1 Attitudes towards Product Placement in Film

When comparing the mean scores it was found that students in North America are more inclined to be influenced by product placement when compared with the Western Australian respondents. Furthermore, the Western Australian students indicated that they are less likely to be influenced and pay attention to the brands placed in film than their North American counterparts. No significant difference was found between respondents from North America and South Korea as noted in Lee et al., (2011).

<table>
<thead>
<tr>
<th>Factor</th>
<th>North America (SD)</th>
<th>Korea (SD)</th>
<th>West Australia (SD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factor 1- Influence/attention*</td>
<td>2.94 (0.92)</td>
<td>3.02 (0.89)</td>
<td>2.72 (0.84)</td>
</tr>
<tr>
<td>Factor 2- Realism*</td>
<td>3.44 (0.90)</td>
<td>3.20 (0.72)</td>
<td>3.54 (0.80)</td>
</tr>
<tr>
<td>Factor 3 - Ethics/regulation*</td>
<td>2.65 (0.85)</td>
<td>2.69 (0.74)</td>
<td>2.48 (0.78)</td>
</tr>
</tbody>
</table>

*Statistically significant at p<0.01 scale

The respondents in the current research did not agree that they have purchased brands because they had seen or heard of them in film, which was in line with previous studies (see Table 2). As highlighted in prior research (Lee et al., 2011) this result may be because respondents do not wish to admit that they are being influenced by marketing.
Table 2: Impact of Product Placement on Purchasing of Brands

<table>
<thead>
<tr>
<th>Survey Question</th>
<th>Percentage Agree</th>
<th>Percentage Disagree</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>I have bought brands because I have seen or heard of them in movies</td>
<td>16%</td>
<td>57%</td>
<td>2.4</td>
<td>1.07</td>
</tr>
<tr>
<td>I have learnt about new brands from watching movies</td>
<td>40%</td>
<td>30%</td>
<td>3.1</td>
<td>1.10</td>
</tr>
<tr>
<td>I am more likely to buy brands I am exposed to in movies than those I see advertised in commercials</td>
<td>17%</td>
<td>55%</td>
<td>2.5</td>
<td>1.08</td>
</tr>
<tr>
<td>In my opinion when I see movie characters I like, I pay attention to the brands they use</td>
<td>32%</td>
<td>38%</td>
<td>2.88</td>
<td>1.00</td>
</tr>
</tbody>
</table>

The results indicated that although West Australians learn about a product through placement, it is not clear than they will go out and buy it because of seeing it in a film. The research did find that 55 percent of the sample was more heavily influenced to by TV commercials than product placement in film.

3.2 Perceived Realism of Product Place

In relation to the perceived realism of product placement and what affect it has on viewers’ attitudes respondents from this study had the highest mean score of the three cultures, indicating that West Australians (compared with South Koreans and North Americans) prefer the presence of real brands, rather than the presence of counterfeit or substitute brands. While there was only a slight statistical difference between the views of South Korea and North American students there was a statistically significant between the West Australian respondents and their South Korean counterparts, who did not prefer real brands. The findings are consistent Halls (1976) classification of high and low context cultures that placed North America and Australia into the same low context culture. This is also consistent with the past research that concluded the high context cultures such as Koreans or Japanese prefer in-direct messages such as counterfeit products (Taylor et al., 1997; Choi et al., 2008).

3.3 Ethical and regulatory concerns

Viewers’ ethical and regulatory concerns behind product placement in film varied between the three cultures, with the West Australian respondents significantly less in favour of having regulations employed regarding product placement than North America and South Korea respondents. It was evident that West Australian viewers had a different opinion to a similar individualistic culture (as defined by Hofstede, 1984) being North America. This may be explained due to time gap between the two studies or the level of regulation of the media in the respective countries. The impact of regulations on the media may warrant further research investigate the attitudes towards the ethical and regulatory concerns and product placement in film.

The general consensus from West Australian movie watchers is that they do not think that the practice of product placement is unethical, as long as they are not being misled, they do not mind seeing brands if they are placed for commercial practices and they don’t think that the government should regulate the practice. Further qualitative research is suggested to further investigate viewer’s attitudes to ethical and regulatory issues around product placement in film.

3.4 Film Genre
In relation to film genre, West Australians and North Americans shared the same most appropriate movie genre (comedy and action) as the most appropriate form product placement. Conversely, respondent in the current study were not keen on product placement in the movie genres of historical, political and animated (Sung & De Gregorio, 2008). With this in mind it is recommended that brands place their products in the movie genres of comedy, action and drama.

3.5 Types of Products Placed

The North America and Western Australians respondents shared the same most acceptable product types; clothing/shoes/fashion and healthy products. This finding was not consistent with Sung et al., (2009) research that found automobiles and cameras to be the most acceptable product types. Universally, the least acceptable products where ‘guns’ in all three cultures, followed by ‘cigarettes’ in Western Australia and North America and ‘gambling’ across all three cultures. This was in line with previous research that highlights ‘guns’ as least acceptable followed by ‘cigarettes’ and ‘gambling’ (Sung et al., 2009) ‘guns’ and ‘cigarettes’ (Gupta & Gould, 2000). These findings are also consistent with previous research in Australia focused on ethically charged products that placed ‘guns’ and ‘cigarettes’ as top two most unacceptable products to be placed (Brennan et al., 2004).

4.0 Conclusions and Further Research

West Australian and North American students share very similar attitudes towards product placement and which movie genre is more appropriate for placing products. The results of the study indicates that Australians, North Americans and South Koreans all share very similar attitudes toward which products are more appropriate to be placed in a film. Once again, marketers can use the same strategies for either West Australia or North America when deciding their product placement marketing tactics. The findings suggest that viewers don’t see it as commercial advertising, which could be why they accept it and have positive attitudes towards it. The research indicated that viewers accept placement as it makes the film more realistic. Conversely they were not keen on the use of counterfeit brands as they impacted on the films’ image and the storyline. This acceptance of product placement may be one of the reasons that product placement has grown as a marketing tool.

Marketers and movie producers should continue to utilise this tool as the revenues from placement supports film production and provides and additional avenue for marketers to sell their products. It should be noted that the effectiveness of product placement has not yet been thoroughly tested despite it being an industry worth $US7.3 billion a year globally. Further research is required to track the changing attitudes toward advertising and the use of product placement, as digital technology will continue to disrupt the current marketing channels.

While this study provides some useful insights further researcher is required to identifying how to quantify the influence of product placement. Considering the growing importance and expenditure on product placement as a marketing tool, the establishment of the process by which product placement influence the intention to purchase is vital. While this study shows that viewers accept product placement it is still too difficult to currently quantify its influence. It is noted by the authors that study had a number of limitations including the focus on movies only, the sample being drawn from only Western Australia and the time between the Lee et al., (2011) study and the current research. Further research
could expand the study across Australia and include a wide variety of media. The proliferation of internet based digital media delivery options will continue to challenge marketing channels and the traditional advertising model. To meet this challenge a greater understanding of the impact and role of product placement as a marketing tool is required from an academic and industry perspective.

References
MARKETING COMMUNICATIONS
ABSTRACTS
Beauty Is In the Eyes of the Beheld: Dark Limbal Rings as a Cue for Source Credibility, Enhanced Attitudes and Purchase Intentions

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Abstract

Research in psychology has shown that dark limbal rings of the eye (dark annulus outlining the iris) increase perceptions of facial beauty. This study investigates the effect of dark limbal rings on consumer perceptions of source credibility dimensions; namely, spokesperson attractiveness, expertise, and trustworthiness. We manipulate the presence of dark limbal rings whilst controlling for spokesperson and product attractiveness. Results support the existence of an attractiveness halo effect, with dark limbal ring presence encouraging positive perceptions of spokesperson attractiveness, expertise, and trustworthiness. Finally, results demonstrate that the presence of dark limbal rings promotes positive attitude towards an advertisement, product and brand, as well as purchase intention, with these relationships mediated by perceptions of spokesperson credibility. Findings from this research provide advertisers and brand managers with an effective and simple cue to increase spokesperson effectiveness through the inclusion of a physical facial cue.

Keywords: Limbal Rings, Spokesperson, Source Credibility, Attitudes, Purchase Intention.

Track: Marketing Communications
Paid, Owned and Earned Media: An Exploration of its Attributes, Consequences and Values.

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Abstract

The face of advertising and consumer media habits is changing. In 2013 for the first time, online advertising expenditure exceeded that of free-to-air television in Australia. While research has investigated how consumers use specific types of media such as television, mobile or internet, it has never investigated the different media types of paid, earned and owned (paid - an advertiser pays to leverage a channel, e.g., television, newspaper or banner ad; owned - the channel a brand controls, e.g., website or newsletter; earned - when the consumer becomes the channel through online reviews or blogs). This study uses repertory grid analysis to explore how people use the three different types of media (paid, earned and owned). By exploring the attributes, consequences and values of paid, earned and owned media; this study charts the role of the active audience in optimizing media choice.

Key words: Paid, earned, owned media, marketing communications, repertory grid

Track: Marketing Communications
Endorser Ethnicity and Advertising Effectiveness: Evidence from the Arab Gulf

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Abstract

The question of under what conditions localized versus standardized advertising should be used has been widely investigated by marketing scholars. A stream of research has studied endorser ethnicity influence on minority and majority group consumer responses. This stream has mainly examined this topic in the context of Western host countries with ethnic minority groups perceived to be of a lower status. The current study re-examines some of the previously established findings about the effect of endorser ethnicity on advertising in the specific context of Qatar and similar Arab Gulf countries where the local population is an empowered numerical minority. Data is collected using a three factor between-subject experimental design: 2 (model ethnicity: Qatari vs. non-Qatari) ×2 (Product ethnic orientation: Ethnic-oriented vs. Global) ×2 (Product type: Utilitarian vs. Hedonic). Findings reveal that some of the previously established findings do not hold in the specific context of this study. Theoretical and practical implications are discussed.

Key words: Endorser Ethnicity, Self-referencing, Product Type, Product Ethnic Orientation.

Track: Marketing Communications
Data-driven Advertising Budgeting: Do different methods give the same budget?

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Abstract

Deciding on an ad-budget is often a difficult decision for marketers as there is no universally accepted method for determining an optimal ad-budget. The majority of ad-budgets are set using judgement-based methods, however unanimous preference for data-driven techniques is reported in the literature. Yet there is scant comparison between techniques or clear advice on when each technique is preferred. We identify two data-driven approaches: Share-of-Voice/Share-of-Market differential and the Budget Optimisation Theorem. In this paper we systematically compare budgets derived using the approaches for 26 brands across 20 categories. The results show that two-thirds of the brands’ budgets differed by more than 35% and the absolute differences ranged from $0.5 to $27.9 million. This highlights that data-driven methods can produce vastly different ad-budgets. We found no pattern to the differences by brand-size, gross-profit level or category, which suggests more work is needed to identify which approaches are best under which circumstances.

Keywords: advertising budget, data-driven budgeting

Track: Marketing Communication
The internal audience of external communications

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Abstract

Research, so far, has not dealt with the employee’s appraisal of external communications quality and its effect on employee brand behavior. The present paper addresses this research gap. Thus, a scale for measuring the quality of external communications construct is developed. For this purpose, interviews were conducted with employees from different companies and industries. In these interviews we asked the survey participants about their associations with a high quality of external communications. Furthermore, the quality of external communications scale is empirically tested by surveying 301 employees of one company. The results reveal that it consists of six factors: clarity, differentiation, target group-specificity, accurate presentation of employees, timing and adequacy of costs. Furthermore, the results disclose that a high standard in the quality of external communications affects employee brand behavior. Thus, this paper emphasizes the importance of considering the employees’ perspective of external communications as a crucial driver of brand success.

Keywords: quality of external communications, employees, brand identification, brand behavior

Track: Marketing Communications
Revisiting (Dis) Fluency in Advertising: If It’s Hard to Read, It Must Be Novel and Interesting

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Abstract

A main objective of marketing communication is to effectively convey a clear, comprehensible, credible and memorable advertising message to the intended audiences. To achieve this, marketers strive to design a semantically, conceptually, and perceptually fluent advertisement by using coherent typography and photography. Decades of research has shown that fluency—the metacognitive experience of processing ease—can evoke positive emotions, which may enhance brand evaluation and ultimately result in brand preference. Conversely, recent research has demonstrated that simply using a difficult-to-read font in advertising may increase disfluency and in turn, enhance the perceived uniqueness, competence, and instrumentality of products. To our knowledge, no research has provided an adequate account of the competing effect of fluency and disfluency on brand evaluation. Here, we provide empirical evidence to show that disfluency may serve as signals of novelty that may evoke interest—an affective response that is distinctive to positive emotions.

Keywords: Disfluency, fluency, novelty, interest

Track: Marketing Communication
Cultural Cues in Marketing Communication; An Islamic Culture Perspective

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Abstract

Past research has recognised the influence of religion an element of culture on marketing, particularly the role of cultural cues in marketing communications. This study attempts to examine the influence of cultural cues on product preference and rating in two Muslim majority cultures. Pakistani individuals (n=245) and Malaysian individuals (n=100) responded to an experimental survey of 2 products (milk, pen) x 2 price level (high and low) x 2 religious symbol (with versus without symbol). Across both products, the presence of the symbol positively relates to product preference for both groups and ratings for Malaysian individuals only. Besides extending religious-cue research from advertising to packaging, an applied implication is for marketers to recognise the role and importance of such cultural and religious symbols in Muslim consumer markets. With the rise of Asia in 21st century, huge potential in Muslim consumer markets is attracting academics and practitioners' interest.

Key words: Cultural cues, Islamic culture, marketing communication, Muslim consumers

Track: Marketing communications
In What Situation Should the CEO Be the Spokesperson During a Product-Harm Crisis?

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Abstract

In a product-harm crisis the corporate message is not the only issue facing the company, with the role of the spokesperson being important. We focus on the CEO spokesperson effectiveness during a product-harm crisis. Two studies were conducted. In study one we find that during an ambiguous product-harm crisis when there is uncertainty regarding culpability, the CEO spokesperson is an important extrinsic cue to blame for consumers, and helps the company. Lower relative blame attributed to the company and higher future purchase intentions are found. In study two, we find that in an unambiguous product-harm crisis the CEO as a spokesperson is helpful only when consumers have high levels of power distance. This was reflected through higher levels of brand trust and higher future purchase intentions. The findings from these two studies have important theoretical and managerial implications which are discussed in the paper.

Keywords: Product-Harm Crisis; Crisis Management; CEO Spokesperson; Power Distance

Track: Marketing Communications
Does brand usage or attitude impact a person’s ability to remember the brand in advertising?

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Abstract

For an advertisement to have an effect consumers need to know whom the advertising is for. However, most ads in the market achieve low levels of correct branding scores. Despite a solid body of research on the branding quality of ads and advertising effectiveness, little is known about how personal characteristics such as brand usage and attitudes relate to correct branding. Testing 48 ad executions, we find that correct branding scores are 1.4 times higher among users than non-users. Comparing those with and without a positive brand attitude shows a ration of 1.1. We also see variation in the degree of bias across different media vehicles for usage, but not for attitudes. Our results highlight the importance of taking into account usage and attitudes when capturing or interpreting data reliant on consumers’ memories of advertising, especially when comparing larger brands with more users to smaller brands.

Keywords: correct branding, advertising effectiveness, usage, attitudes

Track: marketing communications
The reputation effect of University-Business Collaboration: A Customer perspective

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Abstract

University-business collaboration (UBC) is expected to play a critical role in shaping future economies, both in stimulating innovation and in supporting Australia’s largest service export, education-related travel services. Yet UBC remains limited in Australia, despite proven benefits such as patents and publication outputs. This paper takes a consumer perspective to investigate less visible outcomes of such collaborations. Results of an experiment show significant benefits of research- and teaching-oriented UBC for industry partners, especially in relation to reputation for innovation and attitude towards the firm. While the perceived research quality of universities improved, hypothesized effects on teaching quality were not confirmed. These results suggest marketing as a potential agent for change, encouraging further collaboration by focusing on effects for universities and their industry partners. The paper concludes with future research directions for this critical area devoid of attention from marketing academics.

Keywords: university-business collaboration, reputation, teaching quality, research quality, experiment

Track: Marketing Communications
“Should I Stay, or Should I Go?”
The Impact of Firm Reaction to Celebrity Endorser Scandals on Stock Value

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Abstract

Scandals afflicting celebrity endorsers have been shown to lower firm stock value in past studies. We investigate how different firm reactions (disavowal of the endorser, support or silence) as well as different endorser reactions (apology, denial or silence) can mitigate or exacerbate scandals’ adverse impact while accounting for scandal severity. Using an event study analysis of firms traded on the US stock market, we show that silence is golden as both disavowal and support negatively influence the average abnormal return of firms’ stocks. In addition, the firm is better off when an endorser congruent with the brand denies the scandal whereas it is worse off when a congruent endorser apologizes. Finally, the severity of the scandal is especially damaging for average abnormal returns when the endorser is congruent rather than incongruent with the firm’s brand.

Keywords: celebrity, endorser, scandal, reaction, event analysis, severity

Track: Marketing Communications
Beware the semantic jungle of research into emotions in advertising

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Abstract

There is an evolving body of research on consumer emotions with respect to advertising stimuli. Included in those studies are several measures and categorisations. However, there is no understanding of the relationship between categories of emotions. Thus, we have emotions being categorised in isolation of their cumulative influences on each other. In this paper, we review the importance of classifications and sub-categories of ambivalent and multivalent emotions. The study employed four web-based surveys with participants recruited via a participant-led sampling methodology. The study showed that consumers are able to differentiate between the different emotions that they experience in multivalent and ambivalent emotional conditions.

Keywords: Advertising, emotions

Track: Marketing Communications
Receiving and Responding: Exploring the exchange value of advertising and reciprocity in free media.

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Abstract

Consumers in today’s communication environment have access to increasingly large amounts of content at little to no monetary cost, with content providers increasingly adopting ad-sponsored business models (Casadesus-Masanell & Feng, 2010). In the presentation of advertising in conjunction with the content, consumers are required to process advertising (however briefly) in order to obtain value from a media vehicle, thereby exchanging units of attention (to unsolicited advertising) for desired content (Berthon, Robson, & Pitt, 2013). This research seeks to explore how this exchange relationship is perceived by consumers, and how varying levels of both content as well as advertising value can affect the overall perceptions of the content, media vehicle and advertised brand. It looks to utilize Logan’s (2013) Advertising Exchange Value scale, contributing to a greater understanding of how the scale can be applied in different scenarios. It is also proposed that consumer awareness of the ad-sponsored business model can influence their perceptions of advertising that might previously have been perceived negatively through the invoking of reciprocity effects. This research takes this view in order to both contribute to academia in a better understanding of consumer perceptions of the exchange value of advertising and content, as well as to practitioners in aiding in their aims to maximize advertising revenue potential.

Keywords: Advertising value, Advertising Exchange Value, Reciprocity, Consumer attention, Advertising Utility.

Track: Marketing Communications
BRANDS AND BRAND MANAGEMENT
FULL PAPERS
Ethical Issues in the Marketing of Skin Lightening Products

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Abstract
Skin lightening products are used medically for the treatment of a range of skin disorders, however a major market has developed in their use for cosmetic purposes, particularly in countries where darker skin tones are prevalent. Many major multinational brands are active in the sector and high percentages of women reportedly use the products daily. In this paper we analyse a number of serious product safety issues relating to this sector, such as the use of mercury and other toxic substances in some products. We discuss a wide range of ethical issues relating to the marketing of products in the sector and the need for more consistent and effective regulation of the sector overall.

Keywords: marketing ethics, advertising ethics, product safety, cosmetics, skin-lighteners, stereotypes, discrimination.
Track: Brand and Brand Management

Introduction / Background

"Is wanting to be fair about personal freedom? Or is it about gross racism? Is the fairness industry really unfair and ugly? ...What is it about fairness that makes it this national aspiration’ (Barkha Dutt (2008), host of the talk show We the People, on the popularity of 'skin lightening' or 'fairness’ creams in India”. (Cited in Nadeem, 2014, p. 1).

Skin lightening products are used medically for the treatment of a range of skin disorders, however a major market has developed in their use for cosmetic purposes, particularly in countries where darker skin tones are prevalent (Gillbro & Olsson, 2011). There are over 240 brands in India alone, with many major multinational brands represented such as Dove, Vaseline, Olay, L’Oreal, Estee Lauder, Shiseido and Garnier (Goldschneider, 2012; Shrestha, 2013). Over 60% of Indian women reportedly use the products daily (Goldstein, 2012). We discuss a number of serious product safety issues relating to this sector, together with a wide range of ethical issues relating to the marketing of products in the sector and the need for more consistent and effective regulation of the sector across national boundaries.

Product safety issues

Before considering the marketing of these products, there is a significant problem with product safety. Many products currently marketed in this sector have not been subject to safety and efficacy studies and the product category appears poorly controlled (Draelos, 2007); while some claim to contain natural ingredients such as Vitamin B3, mercury has been found in skin lightening creams available in Mexico and other developing countries (Peregrino, Moreno, Miranda, Rubio, & Leal, 2011). In 2011, 11 of 12 skin whitening products, most manufactured in China, that were tested in the Philippines were found to contain mercury levels well in excess of the regulatory limit (Ecowaste Coalition, 2013).

Other potentially dangerous ingredients include hydroquinone, classified as carcinogenic (cancer causing) and mutagenic (causing genetic mutations) and now banned in Europe, and
corticosteroids which can cause a number of skin abnormalities and even diabetes (Cristaudo et al., 2013). It is surprising, given the severe health consequences that can arise as a result of prolonged use of these types of products that there is little consistent regulation of the sector. This is primarily due to classification of the category as cosmetic rather than pharmaceutical: a lack of regulation means there is no consistent requirement for ingredient labelling. Many product labels do not list all ingredients; further, there is evidence in some developing countries of misbranding (Olamide et al., 2008).

A major inconsistency is evident in regard to products containing mercury. It is illegal to sell products containing mercury within the EU, but manufacture is permitted if the product is then exported to countries outside the EU. There is evidence of skin lightening products containing mercury being exported to African countries then being smuggled back into the EU for sale within immigrant African communities (Glenn, 2008). Consequences of long term use of products containing mercury can be severe: kidney, lung and brain damage may occur (World Health Organisation, 2011). Long term use of hydroquinone results in a disfiguring condition (ochronosis) involving grey and blue-black skin discolouration. As well as health issues, skin colour dissatisfaction and erosion of self-esteem may occur (Glenn, 2008).

**Drivers of Demand: Entrenched Cultural Issues**

Light skin colour is “valued almost ubiquitously” globally (Watson, Thornton, & Engelland, 2010, p. 185). This bias has its origins in racism, although the historical origins differ. The era of slavery in the USA saw the establishment of “a colour-caste system that placed dark-skinned persons at the bottom, light skinned persons in the middle and Caucasians at the top” (Watson, et al., 2010, p. 186). In South Africa, a similar ‘negative inheritance’ of European colonisation is evident, but there are indications that conceptions of female beauty in the pre-colonial era already favoured light skin tones. Latin America saw similar colour-caste systems as a consequence of Spanish colonisation and slavery and South East Asia saw the influence of two waves of colonisation, first from Spain, then from the USA (Glenn, 2008).

In East Asia, i.e. Japan, China and Korea, light or white skin for women was historically idealised, and was linked to wealth and desirability (Leong, 2006). Similarly, in India, privileging of light skin predates European colonial society, with paler skin associated with position and wealth, enabling sun exposure to be avoided (Glenn, 2008). Regions in which skin lightening products are promoted include: the USA (African American and Hispanic groups), Southern and Western Africa, Hong Kong, India, China, Thailand and the Philippines (Watson, et al., 2010). The demand for these products is thus based on deeply entrenched cultural beliefs that people with paler skin are of higher social status or, in India, of a higher caste, than those with darker skin, making the former more attractive and leading to better paying jobs or better marriages; Bollywood actors are among the high profile promoters of the products in India (Shevde, 2008), for example Shahid Kapoor, who is the spokesperson for the Unilever’s Vaseline Men skin whitening series (see figure 1).

**Marketing Strategies**

The marketing strategies of some products have been criticised. For example, as part of a wider marketing campaign involving traditional marketing techniques such as television and newspaper advertising and product placement, the Unilever-owned brand Vaseline produced a Facebook app (see Figure 1) which allowed users to download a profile picture, drag a line across their face and digitally transform their image to a much lighter tone (Goldschneider, 2012). In Thailand, a promotion by the Unilever product range Citra appeared to offer
university scholarships to students with fairer skin: public criticism lead to the promotion being terminated (Hodal, 2013).

Figure 1: Advertisement for Vaseline Skin Lightening app. Image sourced from: http://jezebel.com/5585906/vaseline-crowdsources-racism-with-new-skin-whitening-app

Stereotypical Images in Marketing: Theoretical Foundations
Gender roles and expectations are learned from childhood as part of a socialisation process (Fowler & Thomas, 2013). Stereotypical images reinforces discrimination and negative racial stereotypes, often at a subtle level: some claims it operates at a subliminal level, i.e. below the threshold of awareness (Shabbir, Hyman, Reast, & Palihawadana, 2013). Several theories are relevant here. Marketplace theory suggests individuals learn that some physical features are preferred and lead to positive responses from others (Watson, et al., 2010). Marketing activity, especially marketing communication acts as a socialisation agent, mirroring current social trends; gender stereotyping has negative consequences and to potential restriction of life opportunities (Eisend, 2010).

Reinforcement theory holds that coupling an ad with the positive reinforcement of desirable physical factors in models will result in more favourable advertisement and brand evaluations (Watson, et al., 2010). Advertising is not alone in perpetuating deeply embedded social values; wider media portrayals and popular culture convey the values and assumptions of dominant social and political groups (Sandlin & Maudlin, 2012). Social learning theory suggests that repeat exposure to the media content leads to the acceptance of media portrayals as reality (Grabe, Ward, & Hyde, 2008). There is evidence of the prioritising of pale skin in beauty and fashion features targeting British Asian women (McLoughlin, 2013).

There have also been concerns raised for more than 20 years over the manipulation of skin tones to lighten ethnic models’ skin tones, on the grounds that the practice reflects implicit narrowly defined theories of beauty and, more seriously, to avoid negative responses from racially intolerant customers (Watson & DeJong, 2011).

Specific Example of Marketing Strategy
We now examine the ethical issues involved in the marketing of the Unilever product range Fair & Lovely as there has been considerable ethical criticism of their activity (Karnani, 2007). Fair & Lovely was created by Unilever’s HLL Indian subsidiary (Hindustan Lever Limited); the subsidiary name was changed in 2007 to HUL (Hindustan Unilever Limited). Fair & Lovely is the largest skin whitening cream on the market, holding more than 50% of the market in India, a market valued at over US$200 million in 2006, with a 10 – 15% growth rate per annum. It is also marketed in other Asian countries, for example, Malaysia, and in some Arabic countries such as Egypt. While the primary target is women, male-oriented
products are also offered under the Fair & Lovely brand. A male-specific range, Fair & Handsome, was launched in 2008 by Emami (Shevde, 2008).

Figure 2: Pack shots for Fair & Lovely and Fair & Handsome Images sourced from: http://www.unileverme.com/our-brands/detail/fair-and-lovely/333481/ and http://www.fairandhandsome.net/

The central product benefit claimed for Fair & Lovely is dramatic skin whitening within six weeks. HLL claims the product fulfils a social need, given that fair skin is valued in the country, even though dark skin is less vulnerable to skin diseases. It is not marketed as a pharmaceutical product and therefore does not have to prove efficacy – which is disputed by dermatologists on the basis of the ingredients contained in many products.

Advertisements in all the countries in which Fair & Lovely is sold show product users getting better jobs, getting married or having a brighter future (and being noticeably happier) as a result of their lighter skin. The primary target market is women aged 18 – 35, with the poor being a significant segment. There are reports of girls aged 12 – 14 using the product, which is marketed in ‘affordable’ small packages. Critics have claimed that the ads are socially objectionable, racist, demeaning or even ‘repellent’. Two ads have been taken off air in India as a result of protests, but others are still running. HLL claims the ads promote choice and empowerment. Critics such as women’s movements claim they entrench disempowerment (Karnani, 2007).

Perpetuating Stereotypes
Fair & Lovely is a profitable brand, but there are many ethical issues that arise in the marketing strategies used, particularly in relation to the racist and sexist stereotypes and prejudices that exist in relation to skin colour. Additionally, a key target sector includes people who are not well educated (if at all) and who are therefore unable to understand the controversy and criticisms, or to understand that the efficacy of the product has not been verified. The use of the product by children is a further concern. HUL claims to exercise corporate social responsibility, but its actions in the marketing strategy and tactics with Fair & Lovely have led to criticisms of hypocrisy such as those discussed above. While HUL did not create the prejudices that underpin the demand for the product, critics claim the product’s marketing helps to sustain the prejudices. The company is marketing a legal product, it is not breaking any laws, and it appears to have a loyal customer base, but can it claim to be doing good while it does well out of sales of the product?
There have been calls for tighter restrictions on the sale and promotion of skin-whitening products in several countries, including proof of efficacy and safety, but to date, there has been little action. Proposals in more developed countries have included a complete ban on over-the-counter sales, and a requirement for prescription-only sales (Goldschneider, 2012).

**Discussion**

Two factors appear straightforward. Firstly, the sale of unsafe products such as those containing high levels of mercury should be stopped. The ethics of knowingly producing such products in the EU when they cannot be sold there is highly questionable and deserves scrutiny as to whether or not such practices are ethical. Secondly, the dangers of long-term use of products containing toxic substances must be communicated to current and potential users. This will present problems in communicating to those with low literacy levels. Awareness may be achievable within the context of calls for tighter regulation of the product category noted above; changing consumer attitudes (and those of the wider society) and behaviours will be more difficult. A third factor is more problematic. What are the ethical responsibilities of global companies such as Unilever in marketing skin lightening products, given claims that they are sustaining prejudices and stereotypes? Particularly, when these companies use their considerable financial resources to reinforce the desirability of these products by using marketing techniques glamorising the use of their products in similar ways that the cigarette industry marketed their products?

**References**


Recognition Probes in Brand Image Data: Do They Give Rise to the Mirror Effect?

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Abstract
This research appraises recognition memory performance in the context of brand image survey data. In particular, through testing whether a key empirical pattern (Mirror Effect) that characterises recognition memory is present in brand image data, this research supports the proposition of an alternative epistemological basis for the interpretation of brand retrieval. As discussed, in order to gather a better understanding of how consumers memorise and utilise brand image in the context of purchase decisions, it is necessary to take into account the role of different types of information (e.g. conceptual, contextual and episodic) and, more importantly, to assume that the probability that a brand will come to mind in purchase situations is an inferential reconstructive process.

Keywords: brand image, recognition memory, Mirror Effect, information retrieval.
Track: Brand and Brand Management

Introduction
Brand image surveys are designed for the purpose of diagnosing the status of brand information networks held in consumer memory. The aim is to capture a representation of how brand information is stored and subsequently processed in consumer memory, thus somewhat simulating what may occur during purchase occasions in the minds of consumers. This is typically achieved through the analysis of the response patterns in brand image surveys featuring a range of brands and attributes, whereby consumers are required to form associations between brands and attributes, whereby consumers are required to form associations between brands and attributes (Driesener and Romaniuk, 2006).

Arguably, this way of designing and measuring brand image data is often based on rather ‘dated’ assumptions of human memory. For instance, it is strongly rooted in the Associative Network Theory of memory by Anderson and Bower (1973) and the Activation Control Thought (ACT-R) model by Anderson and subsequent modifications (1976; 1996). The use of these theories has led marketers to assume that consumers store brands in memory as focal concepts, with brand attributes being concepts that are linked to such brands. When applied to the design of brand image surveys, the attributes prompted in the questions are analysed as retrieval cues, which can equivalently trigger brand retrieval, just like in the market place.

Although forming the basis of branding theory (see the Customer Based Brand Equity model by Keller, 1993), these assumptions neglect the more recent advancements in memory theory, which depict memory as an inferential reconstructive process guided by recognition (Leboe-McGowan and Whittlesea, 2013). In particular, this more recent view on memory implies non-equivalent ‘roles’ of the concepts encoded (stored) within a memory network (i.e. conceptual, contextual and episodic information), which act as recognition probes, rather than retrieval cues (Reder et al. 2002). This view also discerns two fundamental processes that characterize information retrieval: familiarity (or frequency of exposure as per Kamas and Reder, 1994) and recollection (the retrieval of episodic information as per Cary and Reder 2003; and Diana et al. 2006). Importantly, it is documented that viewing memory as an inferential reconstructive process can be useful for appraising the impact of memory on tasks carried out by drawing on information held in memory (Whittlesea and Price, 2001). Last, this
configuration of memory is also assumed to give rise to some robust empirical patterns in information retrieval, such as the Mirror Effect (Glanzer et al. 1991; Glanzer et al. 1993; Glanzer et al. 1998; Hilford et al. 1997). These are valuable insights that, if applied to the analysis of brand image data, could advance the analysis of the role of consumer memory in purchase decisions.

In order to confirm whether it is actually possible to embrace these advanced views on memory, the present research tests the presence of the Mirror Effect across multiple sets of brand image data. More specifically, the presence of this pattern is considered as an experimentum crucis to clarify whether the current way brand image data are conceptualised and measured can provide a full representation of reconstructive memory processes based on recognition; hence, the aim is to clarify whether the information provided by brand image data is effectively informative of the impact of brand image on consumer purchase decisions, as hypothesized in brand equity research.

**Background**

**Brand image data**

Keller (1993) defines brand image as the set of perceptions about brands (i.e. brand attributes) held by consumers in memory. This definition implies some key assumptions about consumer memory. In particular, it implies a configuration of memory as per Anderson and Bower’s (1973) Associative Network Theory (ANT) of memory. Under this assumption, brands are stored in memory as focal concepts, and the range of perceptions relating to the brand are stored as concepts intertwined in a network of brand-related information referred to as brand (attributes) associations (Keller, 1993). Information processing will occur via activation of information spreading from peripheral concepts (the attributes) to the focal concept (the brand), as a result of a stimuli-response process, in line with Anderson’s Activation Control Thought (ACT) theory and its subsequent developments (ACT-R theory) (1976; 1996). Therefore, within this framework, the processing of brand information is best defined as cue-based information retrieval, whereby any of the concepts associated with the brand can act as a pathway to brand retrieval (Romaniuk, 2003). These assumptions are of interest to marketers, as branding theories such as Keller’s (1993) model postulate that these mechanisms typically impact consumer behaviour, guiding the recollection and selection of purchase alternatives (Nedungadi, 1990). Moreover, this view has led marketing practice to the development of techniques for collecting data representative of brand image through consumer surveys. In brand image surveys, respondents are often asked whether they recognise brands as having certain attributes (see Driesener and Romaniuk, 2006 for a comprehensive discussion). For example, respondents may be asked: “Which of these brands do you think each of the following statements apply to?” and may then be presented with a list of brands competing in the same product category and a series of statements that may apply to them, such as typical attributes for brands in that category (e.g. “Refreshing” for soft drinks). The respondents are then entitled to provide multiple free (“pick-any”) associations. Despite being an established practice with strong conceptual assumptions, it is unclear whether brand image data in fact correctly depicts the cognitive processes that underpin cue-based retrieval. Importantly, existing research does not explicitly link the techniques used for collecting brand image data to recognition memory performance, a fundamental aspect of memory that is emphasised in more recent models of memory.

**Recognition memory**

The Source of Activation Confusion (SAC) model by Reder et al. (2002) depicts recognition memory as being guided by two processes: a familiarity process (or frequency of exposure as
per Kamas and Reder, 1994) and a *recollection* process (the retrieval of episodic information as per Cary and Reder, 2003; and Diana et al. 2006). This definition is in line with the ANT (Anderson and Bower, 1973) and ACT-R structures of memory (Anderson, 1976; 1996), but assumes non-equivalent ‘roles’ of the various concepts encoded (stored) within a memory network. In particular, the SAC model assumes that different memory processes will interest *conceptual* (i.e. focal information) nodes, *episodic* nodes (i.e. autobiographical memories) and *contextual* nodes (i.e. peripheral information linked to the concept node). Given this assumption, concept nodes typically play a pivotal role in information activation and the familiarity process, although information retrieval will be primarily defined as ease of recollection of episodic information, depending on the amount of contextual information activated in memory (Reder et al. 2002). In this context, as the greater ease of recognition typically arises from recollection of episodic information, retrieval cues are best defined as *recognition probes* that may: (i) activate concept nodes; (ii) feed to the creation of episodic memories; or (iii) provide context to the focal information.

The performance of recognition memory is typically assessed in cognitive psychology research with *recognition experiments*. In these experiments, participants are first presented with a list of words to study. At some later time, they are presented with a *recognition test*, wherein they are exposed to a second set of words containing old words from the original study list intermixed with new words that were not originally presented in the study list. By examining correct recognition judgments (i.e. identifying previously studied words as ‘old’ and non-studied words as ‘new’) and incorrect recognition judgments (i.e. identifying previously studied words as ‘new’ and non-studied words as ‘old’), researchers have uncovered principles that guide recognition judgments and information retrieval, which can be applied more broadly to understand how memory functions when underpinning cognitive tasks. That is, by measuring the incidences of correct or incorrect recognition decisions, recognition tests illustrate how familiarity and recollection processes contribute to the correct retrieval of information pertinent to a task, thus to the accomplishment of a typical cognitive task, such as correctly recognising prior exposure to a stimuli and making a deliberate statement about it.

A key characteristic of recognition memory performance is that it depicts information processing as an inferential reconstructive process, according to which the quasi-sequential combination of the familiarity and recollection processes gives rise to information retrieval (Diana et al., 2006). This provides scope for configurations of memory that differ from the ANT model, such as the Selective Construction and Preservation of Experience (SCAPE) model (Whittlesea, 1997), which posits that memory will somewhat guide cognitive tasks depending on recognition memory performance. These characteristics of memory are documented to produce some clear asymmetries in empirical data, such as the Mirror Effect (Glanzer et al. 1991; Glanzer et al. 1993; Glanzer et al. 1998; Hilford et al. 1997). Furthermore, the presence of this pattern in cognitive psychology is considered a clear indication that a given cognitive task is indeed driven by information retrieval resulting from recognition memory performance (Buchler, Light and Reder, 2008).

**The Mirror Effect**
The Mirror Effect is a well-known pattern that characterises recognition memory performance (Glanzer et al. 1991; Glanzer et al. 1993; Glanzer et al. 1998; Hilford et al. 1997). This pattern is found to emerge in any cognitive task carried out by leveraging on one’s ability to recognise previous exposure to a given piece of information, through the provision of recognition probes differing in familiarity or processing fluency, such as high- versus low-
frequency words. In psychological literature, this effect is tested through two-step recognition experiments as per the above description. In particular, the Mirror Effect is typically apparent in the responses obtained through such experiments, in that low-frequency words from the original study list re-proposed in the recognition tests are more likely to be correctly recognized (i.e. identified as ‘old’) compared to high-frequency words and vice versa. The pattern is then mirrored for words that were not included in the study list, i.e. high-frequency words are more likely to be incorrectly recognized (i.e. identified as ‘old’) compared to low-frequency words. Importantly, the existence of this asymmetry is attributed to the combined effect of familiarity and recollection, as well as the fact that recognition probes such as the words used in recognition tests, as per the SAC model (Diana et al., 2006).

If one considers the way responses are typically collected in brand image surveys (i.e. respondents are effectively asked whether they recognise the various brands as having certain attributes), brand image questions could arguably resemble a recognition memory experiment. If thought of in this way, the brands included in a brand image survey would act as concept nodes and the attributes prompted in the survey would act as recognition probes providing contextual information, as well as guiding the recollection of episodic information by respondents. Consistently, it is plausible to assume that the brands and attributes prompted in a brand image survey will typically differ in familiarity and ease of recollection. It is also plausible to assume that the responses (brand-attribute associations) generated in brand image surveys are a result of a familiarity and recollection process.

These assumptions somewhat advance the conventional cue-based information retrieval view on brand image conceptualisation and measurement. More specifically, they put forward a different epistemological basis of consumer memory for brand image, which is based on recognition and inferential reconstructive processes, as well as being more straightforwardly linked to behaviour. Therefore, the present research proposes to validate these assumptions by testing whether the Mirror Effect is present in brand image data, as inferred from looking at inherent differences in the rates of brand image associations.

Methods
The analysis has been performed on three sets of brand image survey data for soft drinks (N=1133), fabric softeners (N=1956) and hair care (N=1973). Each data set constitutes the equivalent of an individual ‘study’, given that the change of experimental conditions across the three categories analysed provides enough variation whereby: (i) the three categories differed in terms of the overall observed consumer behaviour (i.e. frequency of brand purchase, number of brands purchased and number of category purchases made); (ii) in each category, respondents were presented with a different range of brands and attributes typical of that category; (iii) the number of resulting brand-attribute associations showed enough variation, whilst being representative of a full range of retrieval propensities for brands of different market share (see Romaniuk, 2013 for further details). In each set of data the analysis was conducted on the variables capturing the brand-to-attribute associations elicited in the survey with a pick-any technique (i.e. respondents are prompted with a brand at the time and a list of brand attributes, and are asked to select as many associations as they can think of). This resulted in over 170,000 associations analysed across the three categories, generated by a maximum of 25 attributes, to a minimum of 16 attributes per category. Fundamentally, as brand image data do not involve correct or incorrect associations (a characteristic of recognition tests), to test for the presence of the Mirror Effect, the analysis reported in this research focused on examining how the rate of associations for each attribute and in the overall survey differed across different groups of respondents, based on two key
assumptions. First, in line with branding theory, consumers memorise brands as concepts, brand attributes as contextual information pertaining to brands and product category information as episodic information (e.g. the consumer remembers using the product category). Second, in line with recognition memory performance theories, brand-attribute associations should be the result of the combined effect of a familiarity process (strength or processing fluency of the brand) and a recollection process (ease of recollection of episodic information pertaining to the product category, as facilitated by all contextual information memorized about the brand). Consistently, we calculated the value of familiarity as *attribute association rate* for each attribute (i.e. total number of brands associated to each attribute) and the value of recollection as *survey association rate* (i.e. total number of associations provided in the overall survey) at individual respondent level. The values of these two metrics (excluding zeros) were split around the mean values and cross-tabulated in order to identify four groups of respondents to mimic the recognition test conditions as follows:

- **Group 1**, i.e. respondents who provided fewer than the average brand associations per attribute and fewer than the average associations in the overall survey (low familiarity and low recollection);
- **Group 2**, i.e. respondents who provided fewer than the average brand associations per attribute, but more than the average associations in the overall survey (low familiarity and high recollection);
- **Group 3**, i.e. respondents who provided more than the average brand associations per attribute and more than the average associations in the overall survey (high familiarity and high recollection);
- **Group 4**, i.e. respondents who reported more than the average associations per attribute and fewer than the average associations in the overall survey (high familiarity and low recollection).

For every group, we calculated and compared the *average association rate* as the ratio between the total number of associations provided by the group and the total number of respondents falling into the group. This value was ‘standardised’, i.e. divided by the total number of recognition probes (attributes) used in the survey to allow cross-category comparisons and to test the following inequalities indicative of the hypothetical presence of the Mirror Effect in brand image data:

**Hp1**: The average association rate of Group 1, 2, 3 and 4 is different.

**Hp2**: The average association rate of Group 1 < the average association rate of Group 2.

**Hp3**: The average association rate of Group 2 < the average association rate of Group 3.

**Hp4**: The average association rate of Group 3 < the average association rate of Group 4.

**Results**

The results across all three categories analysed highlighted a complete absence of the Mirror Effect in brand image data, with no asymmetries in the average rates of associations across the different groups identified and compared (see Table 1).

Table 1: Average association rates per attribute across all attributes for each category
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<table>
<thead>
<tr>
<th>Group 1</th>
<th>Group 2</th>
<th>Group 3</th>
<th>Group 4</th>
<th>Group1&lt; Group2</th>
<th>Group2&lt; Group3</th>
<th>Group3&lt; Group4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soft Drinks</td>
<td>0.06</td>
<td>0.07</td>
<td>0.26</td>
<td>0.18</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Fabric Soft.</td>
<td>0.04</td>
<td>0.00</td>
<td>0.13</td>
<td>0.12</td>
<td>N</td>
<td>Y</td>
</tr>
<tr>
<td>Hair Care</td>
<td>0.05</td>
<td>0.06</td>
<td>0.20</td>
<td>0.15</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>0.05</strong></td>
<td><strong>0.04</strong></td>
<td><strong>0.20</strong></td>
<td><strong>0.15</strong></td>
<td><strong>N</strong></td>
<td><strong>Y</strong></td>
</tr>
</tbody>
</table>

***Significant one-tailed difference at 95% Confidence Interval with p<.001***

These results suggest that if considering the range of brand attributes prompted in a brand image survey as recognition probes, the associations elicited only partially represent recognition memory performance. In particular, there appears to be only limited evidence of the familiarity process and no clear representation of the recollection process. Consequently, the way brand image surveys are conceived does not seem to conform to more up-to-date models of memory that account for its reconstructive nature. This is of concern, since such models provide the key advantage of drawing an explicit link between memory structures and processes with the accomplishment of cognitive tasks based on such structures and processes – an aspect that is clearly important to the understanding of how brand image will feed into consumer decisions.

**Discussion and future research venues**

Brand surveys have been developed out of a traditional perspective of memory, which specifies that memory consists of a network of interconnected nodes. Despite the prominence of this approach in marketing research and practice, the results of this study suggest that brand image surveys do not capture some fundamental processes of recognition memory performance. In particular, the findings of this research suggest that it may be necessary to rethink the way brand image surveys are structured and interpreted in order to take into explicit consideration the extent to which brand information retrieval depends on the familiarity and recollection processes that should underpin the consumer’s ability to recognize brands as having certain attributes in the survey, as well as in the market place.

Fundamentally, this requires a partial reconceptualisation of brand image and the revision of the current methods used for measuring brand image. Specifically, it should explicitly consider the recognition memory performance and its pivotal role in underpinning information retrieval in the context of cognitive tasks such as making decisions. For instance, the SCAPE model of memory (Whittlesea, 1997) posits that memory operates as a single system that preserves past experiences and subsequently uses these through an inferential reconstructive process. These experiences are elicited to guide cognitive tasks depending on how the features of the current environment ‘match’ with past experiences. As such, inferences on brand performance from brand image surveys could be obtained by measuring the extent to which the associations provided by consumers in the survey match the episodic representations held in memory. Essentially, this conceptualization of memory alters the focus of branding implications from nourishing and establishing memory structures, to actively influencing the cognitive processes that underpin consumer decisions, which it does by affecting the degree of match between the current environment and the manner in which past experiences are memorized by consumers.

In the light of such advancement in the conceptualization and measurement of brand image, a typical managerial recommendation on the need to increase the familiarity of brands by...
increasing the network of associations held in memory by consumers would be disputable. That is, if embracing a SCAPE-like memory paradigm, rather than on the network of brand associations held in memory by consumers, a brand’s likelihood to be retrieved in consumer memory in purchase situations will simultaneously depend on its level of familiarity and its ability to facilitate recollection of episodic memories in consumers.

Finally, as these results emerged from the analysis of three data sets, it will be necessary to replicate the analysis across different conditions, such as different industries, subsequent time periods and also different methods of brand image data collection, other than the pick-any approach (e.g. rating and scale measurements). Similarly, the conclusions drawn were based on the absence of one key pattern of recognition memory, as opposed to other relevant empirical patterns of recognition documented in psychological literature. Therefore, there is scope for establishing a comprehensive research program aimed at overcoming the ‘out-dated’ multiple-cueing view used in branding research.

References


Brand Lovemarks: An Exploratory Study

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Abstract
This study develops a new Lovemarks scale for consumer behavior. Lovemarks is a market position in the minds of consumers that represents both high love and high respect for a brand. It is the place for the “desired brand” - a place where all brands want to be (Kevin 2004). Despite its importance, Roberts (2004, 2005) did not offer a measurement scale to measure brand Lovmarks and to date, no research offers an explicit scale which effectively measures a brand's Lovmarks. The current study is an exploratory research that attempts to provide a scale those bridges over most of the inconsistencies of the measurement of “brand love” and offers a new scale of Lovemarks that also measures “brand respect”. The reliability and validity of the scale were established in two different product categories: gasoline stations and insurance companies.

Key words: Lovemarks, brand, love, respect, attitude, recommendation, price premium, preference
Track: Brand and Brand Management

1.0 Introduction
The current research has tested a new scale of the "Lovemarks". The Lovemarks theory introduced by Kevin Roberts (2004), CEO of Saatchi & Saatchi, suggests that two components for "Lovemarks brands", "love" and "respect", are the main drivers of brand loyalty. The importance of this theory and the construction of a short and simple scale is based on the idea that "Lovemarks" may explain why consumers' feel loyalty and attachment to one brand and not to another.

A recent study by Batra et al. (2012) has distinguished between “love emotion” and the “love relationship”. This research suggests that brand love as a “love emotion” is temporary and episodic while a “love relationship” can last for years. However, Lovemarks theory (Roberts 2004) argues that “love emotion” combined with “respect” can determine the consumer’s relationship with a brand. Kevin Roberts (2004) suggests that both components for "Lovemarks brands", "love" and "respect", can affect satisfaction and loyalty.

Despite its importance, Roberts (2004, 2005) did not offer a measurement scale to measure brand Lovmarks. Published research on the Lovemarks theory has so far been light and limited and didn’t present a reliable and valid scale of brand Lovmarks (Pavel 2013, Pawle and Cooper 2006, Shuv-Ami 2011, Shuv-Ami 2013).

2.0 The Theoretical Conceptualization

The Lovemarks theory suggests that brands with low love and low respect are merely available "products". Brands with high love and low respect are "fads" that eventually will disappear. Brands with low love and high respect are "real brands". But brands with both high love and high respect are "Lovemarks", brands with "loyalty beyond reason". Respect, according to Roberts, represents the more functional attributes of the brand. Such attributes determine consumer perceptions of a product/brand and the way consumers assess a brand’s
functional performance, especially quality and reliability. The sums of these characteristics reflect consumer preference for the brand (Roberts 2005, pp. 60-63).

2.1 Love

Love of a brand, in the marketing literature, is mainly considered as a romantic love (e.g., Ahuvia 2005, Carroll and Ahuvia 2006, Sarkar 2011 and Whang et. al 2004) animated by intimacy and passion (Sternberg 1986). Caroll and Ahuvia (2006, p. 5) define love for a brand as “the degree of passionate emotional attachment that a person has for a particular trade name.” Sternberg’s research (1986) offered a tri-component model of love that includes intimacy, passion and commitment. Shimp and Madden's (1988) tri-component model of love consisted of liking, yearning and commitment. According to Sarkar (2011, p.83) both Sternberg’s research (1986) and Shimp and Madden's tri-component models "perfectly correspond" since romantic brand love is "a combination of emotion (or intimacy or liking) and passion (or yearning) for a brand.” However, a commitment that represents a series of attachments (Keller and Lehmann 2006, shuv-Ami 2012) is probably a result of love and not love itself. The drivers of love in the Lovemarks theory are mystery, sensuality and intimacy (Roberts 2005). Intimacy or liking maybe derived from the romantic emotion toward the love brand. Passionate longing or yearning for a loved brand may be a result of brand mystery and sensuality. Whang, et al. (2004) used Rubin’s scale (1970) for studying bikers' love for their motorcycles. Such a scale directly measures the romantic emotion of intimacy and passionate longing. While intimacy was measured by the statement: "I am in love with my bike,” passionate longing was measured by the statement "If I could never be on my bike, I would feel miserable”. Similarly, Bergkvist and Bech-Larsen (2010) measured brand love with two items, one measuring the expressed love relating to the intimacy of romantic love and the other measuring longing as a passionate or romantic sense of loss in case of unavailability.

Recently, Batra et al. (2012) suggested a new and complex measurement of “brand love.” This measurement was criticized by Rossiter (2012) mainly on the ground that Batra et al. (2012) new scale of brand love measured too many “off-attributes” and “additive components” of brand love. Despite Rossiter’s (2012) criticism, some of the items used by Batra et al. (2012) to measure brand love are shared with earlier marketing literature including; passionate “feeling of desire”, “feeling of longing” and the “pleasurable” feeling towards a brand (Batra et al. 2012 p. 8). Carroll and Ahuvia’s (2006) measured the joy or pleasure of love with “This brand makes me feel good”, “This brand makes me very happy” or “This brand is a pure delight” (Carroll and Ahuvia 2006 p. 84). Sarkar (2011) argued that as a part of love a “romantic person can imagine several things beyond reality and by doing this he/she creates pleasurable experiences surrounding any consumption act” (p. 86). Noël et al. (2008) found empirically that French participants who fully agree that they are in love with their brand tend to use words such as “pleasure” and “dream” to describe their love. These researchers concluded that the two dimensions that are explicitly shared by French and Americans are the pleasure and passion love for a brand. The current study proposes that love has three dimensions; intimacy, longing and joy.

2.2 Respect

The dimensions of respect, according to Roberts (2005, pp. 60-63) are functional and represent brand quality, trust and honor toward the brand directly reflects Roberts’ notion of consumer respect toward the brand. The concept of brand respect has not been widely discussed in the marketing literature. The results of Pawle and Cooper's testing (2006) for
Lovemark theory do find that brand trust, reputation, and performance are the main influences on brand respect. While marketing research does not explicitly measure the concept of respect, it does test the nuanced way respect figures in the process of brand selection.

Research into the functional attributes of products and brands has generally indicated that quality performance drives brand relationship and thus has a positive effect on satisfaction, loyalty or commitment and purchase intentions. Oliver (1980), for example, found that consumer satisfaction is a function of expecting a product quality and such satisfaction influences post-purchase attitudes and purchase intentions. Conversely, any discrepancy between expectations and perceived quality performance results directly in brand dissatisfaction. Churchill and Suprenant (1982) argued that in durable goods a direct quality performance-satisfaction link accounts for most of the variance in satisfaction. Mano and Oliver (1993) showed that product quality evaluation (utilitarian and hedonic judgment) has a direct influence on pleasurable effect and a distinct product satisfaction. Bou-Llusar et al. (2001) found that overall customer satisfaction acts as a mediating variable on the relationships between a firm, perceived quality and customer purchase. Tsiotsou (2006) noted that perceived quality had both a direct and an indirect effect (through overall satisfaction) on purchase intentions; overall satisfaction had a direct effect on purchase intentions; and involvement had an indirect effect on purchase intentions through overall satisfaction and perceived quality. Chaudhuri and Holbrook (2001) examined both the functional and emotional aspects of the brand and showed that brand trust and brand effects (emotions toward the brand) influenced purchase loyalty (purchase intention) and attitudinal loyalty which was measured as commitment.

3.0 Hypotheses

The first hypothesis is based on the above arguments regarding both the measurement and structural parts of the Lovemarks brand nomological net were the following:

H1: Two oblique first-order factors – love and respect - suffice to account for covariations of the brand the lovemarks brand scale items.

The second hypothesis attempts to establish the nomological validity of the Lovemarks scale suggested in the current study. This scale's validity is tested against four variables that represent important aspects of brand relationship: positive attitude, the preferred brand, and recommendation intention and price premium.

H2: The total score of Lovemarks scale will correlate positively with overall attitude toward the brand, recommendation and, brand preference and the willingness to pay price premium for the brand.

4.0 Methodology

Study 1 used Exploratory Factor Analysis using Principal Component exploratory factor analysis with varimax rotation will be used in order to extract a two-factor solution. Study 2 measured the nomological validity of the lovemarks scale assessed by testing its relations with four relevant scales in its hypothesized nomological network. Study 1: This study consists of 2 samples, one for gasoline companies and the other for insurance companies. In the gasoline sample participants were 383 customers, 50.2% females, mean age
41.6 ($SD = 15.2$). In the insurance sample participated 401 customers, 51.3% females, mean age 42.2 ($SD = 15.2$). All participants were asked to answer the Lovemarks questionnaire with regard to the products of interest. **Study 2:** This study consists of 2 samples corresponding to the two groups of products: gasoline companies and insurance companies. In the gasoline sample participated 449 customers, 51.0% females, mean age 42.5 ($SD = 16.0$). In the insurance sample participated 453 customers, 47.9% females, mean age 41.2 ($SD = 14.3$). All participants were asked to answer the questionnaire with regard to the products of interest. The data for this study was collected from an Internet panel.

The two constructs that constitute the Lovemarks scale are love and respect. The current research conceptually follows the notion of brand romantic love as suggested by several studies (Bergkvist and Bech-Larsen 2010, Carroll and Ahuvia's 2006, Pawle, Cooper 2006 and Sarkar 2011) to measure love. The current research used three items to measure love. Two of the items were adopted from from Bergkvist and Bech-Larsen (2010) and the third item (item 2) was adopted from Carroll and Ahuvia (2006) and represents the pleasure of love or the "joy of love" using the brand. The questions used a 10-point scale asking respondents to agree or disagree with the statements: “I love my main brand,” “I very much enjoy using the products/services of my main brand” and “I would very much miss my main brand if it would not be available anymore.” **Respect** was measured using three questions. Following the Lovemarks theory (Roberts 2005), three aspects of respect were measured: the first item dealt with the trust the customer has towards the brand, the second item dealt with the honor for the brand and third item dealt with brand quality. The questions used a 10-point scale asking respondents to agree or disagree with the statements: “My main brand is a brand you can trust,” “My main brand is an honored brand” and “My main brand is a quality brand.”

**Overall positive attitude** was measured accordingly: “Please rate from 1 to 10 the way you feel and think overall about the brand you most often use, one indicating ‘a very poor brand’ and 10 ‘a very good brand’.” **Brand preference** was measured by a direct question: “If you had no limitations, please rate from 1 to 10 how likely are you to prefer your main brand?” where 1 indicates ‘Definitely will not prefer” and 10 means ‘Definitely will prefer”. The willingness to pay **price premium** for the brand was measured by the following question “please from 1 to 10 how much do you agree or disagree with the statement: ‘I am willing to pay more to continue to buy my main brand’, where 1 means you ‘completely disagree’ with the statement and 10 ‘completely agree’ with the statement ”. **Brand recommendation intention** was measured using a modified Markey and Reichheld (2008) advocate measure (Net Promoter Scores - NPS): “Please rate from 1 to 10 how likely are you to recommend the brand you most often use where 1 indicates ‘Definitely will not recommend’ and 10 means ‘Definitely will recommend”

5.0 **Study 1: Exploratory Factor Analysis**

For each sample, the 6-items Lovemarks Scale were subjected to exploratory factor analysis (EFA) with varimax rotation. Thus, four EFAs were conducted. According the criterions of eigenvalue > 1 and Scree test (Hair et al. 2006) two factors were extracted. The two factors solutions for each sample are presented in table 1. On the basis of hypothesized structure and items content, I labeled the two factors respect and love. These factors accounted for 92.3% of the common variance in the gasoline sample and 92.7% in the
insurance sample. In all samples, all items loaded highest on the appropriate factor and had substantive loadings that exceeded .70.

Table 1: Factor analysis of the Lovemarks scale

<table>
<thead>
<tr>
<th>Trust</th>
<th>Respect</th>
<th>Love</th>
<th>Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Honor</td>
<td>.93</td>
<td>.92</td>
<td>.93</td>
</tr>
<tr>
<td>Quality</td>
<td>.92</td>
<td>.92</td>
<td>.92</td>
</tr>
<tr>
<td>Intimacy</td>
<td>.88</td>
<td>.86</td>
<td>.42</td>
</tr>
<tr>
<td>Joy</td>
<td>.46</td>
<td>.83</td>
<td>.45</td>
</tr>
<tr>
<td>Longing</td>
<td>.60</td>
<td>.73</td>
<td>.55</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rotated eigenvalue</th>
<th>3.11</th>
<th>2.43</th>
<th>3.00</th>
<th>2.60</th>
<th>3.11</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of explained variance</td>
<td>51.8%</td>
<td>40.5%</td>
<td>50.0%</td>
<td>42.7%</td>
<td>51.8%</td>
</tr>
</tbody>
</table>

Note: Loading lower than .35 are not presented.

Cronbach’s alpha coefficients for the three-item respect subscale were high in the gasoline sample α = .98, and the insurance sample α = .97. Similarly, Cronbach’s alpha coefficients for the three-item love subscale were high as well: in the gasoline sample α = .92, and in the insurance sample α = .94. Correlations among the factors were \( r = .71, p < .001 \) in the gasoline sample, and \( r = .69, p < .001 \) in the insurance sample.

6.0 Study 2: Nomological Validity

The Lovemarks Items were as in study 1. The internal reliabilities for the respect sub-scales were high: for gasoline companies α = .98, and for insurance companies α = .97. Internal reliabilities for the love sub-scales were high as well: for gasoline companies α = .97, and for insurance companies α = .94.

Table 2: Correlations between the Research Variables.

<table>
<thead>
<tr>
<th>Lovemarks</th>
<th>Respect</th>
<th>love</th>
<th>Overall score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gasoline</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Positive attitudes</td>
<td>.53***</td>
<td>.49***</td>
<td>.53***</td>
</tr>
<tr>
<td>Recommendation</td>
<td>.48***</td>
<td>.50***</td>
<td>.52***</td>
</tr>
<tr>
<td>Preference</td>
<td>.52***</td>
<td>.46***</td>
<td>.52***</td>
</tr>
<tr>
<td>Price premium</td>
<td>.36***</td>
<td>.64***</td>
<td>.55***</td>
</tr>
<tr>
<td>Insurance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Positive attitudes</td>
<td>.49***</td>
<td>.45***</td>
<td>.49***</td>
</tr>
<tr>
<td>Recommendation</td>
<td>.53***</td>
<td>.51***</td>
<td>.56***</td>
</tr>
<tr>
<td>Preference</td>
<td>.49***</td>
<td>.45***</td>
<td>.51***</td>
</tr>
<tr>
<td>Price premium</td>
<td>.40***</td>
<td>.80***</td>
<td>.65***</td>
</tr>
</tbody>
</table>

Note. *** \( p < .001 \)

The nomological validity of the Lovemarks scale was assessed by testing its relations with four relevant scales in its hypothesized nomological network in the two samples. Table 2 present the correlations between the research variables. As expected, results indicate
significant and strong correlations of the Lovemarks sub-scales and overall score with positive attitudes, recommendation, preference, and price premium. Thus these correlations provide evidence for the nomological validity of the Lovemarks scale.

7.0 Conclusions and Discussions

This study is an exploratory empirical research that attempts to develop a new Lovemarks scale for consumer behavior. Lovemarks is a market position in the mind of consumers that represents both high love and high respect for a brand. It is the place for a desire brand and a place where all brands want to be (Kevin (2004). The reliability and validity of the scale were established in two different product categories. As hypothesized, the EFA showed that a two-factor solution was the preferred measurement model. This scale helps to predict consumer behavior and set an effective marketing strategy for the brand. The scale further provides the ability to evaluate the factional and main emotional strength and weakness of the brand; it thus gives directions for product adjustments and establishes effective advertising and marketing communication strategies. It may also provide the direction for brand pricing strategy. The measured scoring strength on the brand Lovemarks scale may suggest the price level that consumers will be willing to pay for that brand.

Future research may well also focus on testing the relationship of this scale brand Lovemarks to brand commitment, brand loyalty, brand image and brand personality. It can thus depict the detailed process of purchasing behavior. Such a measurement may even be tested for countries as brands and touring attractions. So too, such Lovemarks measurement can be applied to the avid enthusiasm of sports for their favorite teams as they rise or fall, win or lose, during a season.

References


Human Brands: Exploring the Psychological Characteristics of Human Brands

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Abstract
Many contemporary western societies have a strong fascination over famous people. Most of these famous personalities are the so called celebrities, who are products of media channels. Celebrities wield excessive power to influence millions of people’s lifestyle and economic decisions globally. Understanding the reasons why celebrities have so much influence on consumers’ decisions is essential for marketing organisations in a globalised world. Celebrities are one of the key communication tools for all kinds of brands. The research literature does not provide reliable and valid models of how personal celebrity brands differentiate themselves from each other, and which personal brand attributes are the key success factors. There is no research published that clearly identifies the exact reasons why celebrities create relationships with consumers/audiences. The research findings suggest that there is a hierarchy of personality characteristics, which make famous people more appealing to their audiences.

Track: Brands and brands management
Keywords: branding, celebrities, human brands

Introduction
Celebrities are among the most important opinion leaders of today’s societies. Globalised brand communications often use ‘human celebrity brands’ to communicate with customers mostly due to their aspirational attributes. Consumers, ordinary people, seem to have developed an addiction over celebrities which is now higher than ever before (C. J. Choi & Berger, 2010). Nonetheless, human celebrity brands (famous personalities) need to be managed effectively to avoid commercial disasters (Gabler, 2001), such as the scandals of Tiger Woods, which affected the value of his endorsed brands (Knittel & Stango, 2013). People aim at being associated with more successful people (Cialdini, 1993), which can be extended to celebrities. Celebrities are portrayed as ideal role models and endowed with desirable social characteristics which make them worthy aspirational benchmarks for other consumers (Bush, Martin, & Bush, 2004). Social imitation of celebrity lifestyle choices is based on visual vicarious learning facilitated by global mass media. Behavioural imitation by large numbers of people is an obvious commercial opportunity and therefore celebrities are very valuable communications tools. Social learning theory proposes that people learn through modelling behavioural examples from other people (Bandura, 1971). The processes of behaviour imitation affects personal identification; thus, people believe that they are similar to their role models (Bandura, 1971). Mass media modelling influences have a significant role in consumers’ motivations and teach new types of behaviours (Bandura, 2001).

Review of Celebrities as Human Brands
Celebrity admiration and, therefore, emulation of behaviour is based on the perceived celebrity image congruence with consumer’s self-concept (Banister & Cocker, 2013). Consumers interpret other people’s attributes and behaviours based on their perspective and personal characteristics (Wyer & Srull, 2014). The effectiveness of celebrity endorsements is
linked to perceived similarity, familiarity, credibility, and liking the celebrity as a source of information (McGuire, 1985). The marketing literature has explored in depth the relationships between celebrity endorsement and brand image appeal. Nonetheless, celebrities have become brands and products of the media because marketers have deliberately developed appropriate positioning strategies, and strategically manage them for financial gains throughout their life cycle stages (Thomson, 2006). Several authors in the non-marketing literature have suggested that celebrities are valuable marketing communication tools which can be integrated with product positioning strategies, brand personality image and market segmentation (Gamson, 1994; Turner, 2004).

Recently, the term brand has been extended and applied to people. Luo, Chen, Han, and Park (2010) explain that celebrities are brands, who are capable of mediating and moderating consumer’s perceived emotional benefits of a product. Celebrities are a relatively new type of branding because they are living, breathing and walking sentient human beings; and, therefore different from inanimate products. However, Luo et al. (2010) draw a strong distinction between human celebrity brands and traditional actual product brands. They suggest that celebrity brands depreciate faster than actual product brands. Hence, existing measures of brand personality (Eg. Aaker, 1997; Sweeney & Brandon, 2006) should be overhauled to take into account the new complexities of human brands. Human brands have social relationships and emotional traits which are far more intricate than ordinary product brands. Thus, managing human brands is a complex and important challenge. The way human brands relate emotionally to create relationships with their consumers is not clearly understood; and, therefore, there is a major gap in the marketing literature. Human brands find ways to connect effectively with large numbers of people and build social relationships. Social intelligence is an essential skill and is closely connected with behavioural choices, but it is not clearly understood as a process (Spunt & Lieberman, 2013). People who are successful in social presentations and social impression management, are assumed to be skilful in managing emotions (Lopes, Salovey, & Straus, 2003). Albrecht (2006) hypothesised five factors which underpin social intelligence, namely, situational awareness, presence, authenticity, clarity and empathy (SPACE). Emotional intelligence is hypothesised to be the overall factor which makes famous people successful in impression management of “imaginary relationships” with their audiences. As a result, strong human brands have an exceptional ability in attracting and managing public attention. Consequently, the literature review leads us to propose two broad research propositions:

P1. Celebrities (human brands) are more likely to have high levels of social intelligence in order to create social relationships with large numbers of people.

P2. Celebrities are more likely to engage in high levels of social image management to portray socially desirable personality characteristics attractive to their audience.

Methodology

The data of this qualitative study was collected through interviews with thirteen young adults and casting agents/directors in the entertainment industries. A qualitative approach was chosen for this study due to the limited work on the specific personal characteristics of human brands underpinning the congruent relationships between consumers and celebrity personalities. Two stages of qualitative research gathered complimentary data. The first stage consists of three depth interviews with experienced professional decision makers in the fame industry, (three casting agents/director). The research objective is to obtain expert views of industry decision makers regarding the main personality characteristics essential to become famous. The second stage consists of thirteen depth interviews (N=13) with young adults, gender balanced, using a laddering approach. The objective is to explore from the consumer’s
viewpoint which celebrity personalities are the touch points of congruence between consumer’s ideal self-image and celebrity personality traits. Research has shown that young adults are considerably more interested in celebrities and more influenced by celebrities (Boon & Lomore, 2001). All interviews followed a semi structured interview guide approach and video recorded. All participants completed a short scale on the “need for fame” (Gountas, Gountas, Reeves, & Moran, 2012) to ascertain their relative interest in fame and listed three celebrities they most admired and three celebrities they least admired. The recorded data was transcribed verbatim, coded, and thematically analysed with the use of Nvivo.

Findings
The findings of the depth interviews with casting agents/director suggest that there is hierarchy of personality traits aspiring famous people should have (see table 1). Talent is important, but not sufficient for a person seeking for fame to succeed in the ‘celebrity’ industry. Casting agents think they know when an actor has got what it takes to stand out, if one has the ‘it factor’. They consider essential to have a ‘certain look” which draws people’s attention, even though the audience likes to watch them not just physically, but to observe their attitude and self-confidence. Describing verbally the “it factor” is very difficult, but they say that they feel it when they see it.

Table 1: Casting agents/director findings

<table>
<thead>
<tr>
<th>Attributes</th>
<th>Indicative edited comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Talent is not everything</td>
<td>“There was this actor who was absolutely gorgeous looking, not the best actor. I have auditioned, probably in fact average,… but was excellent in managing social interactions”. Casting agent 2</td>
</tr>
<tr>
<td>The ‘it’ factor (x factor)</td>
<td>“Is what quality that person brings to the screen and that is almost beyond their control….. how photogenic they are or…..It is not just about beauty, it is about how they will bring a presence to the screen”. Casting director. ‘There is something different that makes them stand out from the rest. It could be a look, or their personality. It is hard to describe it is so individual and it changes for each person, but certainly you can tell when someone has got that stuff …’ Casting agent 1</td>
</tr>
<tr>
<td>Social skills</td>
<td>“Being talented is not enough; you have got to have social skills… This is primarily people-industry and it is extremely competitive”. Casting agent 1</td>
</tr>
<tr>
<td>Professional attitude, conscientious</td>
<td>“I would expect them to network, stay sober…. And I would expect outmost professionalism, because they are representing every other actor on my books and me”. Casting agent 2</td>
</tr>
<tr>
<td>Self-esteem</td>
<td>‘Self-esteem is probably more important than in any other profession, it is insanely difficult cope with many rejections’. Casting director</td>
</tr>
<tr>
<td>Physical appearance</td>
<td>“I am more aware of physical appearance, looks matter,… and I do take into account if they can get a job without a certain look”. Casting agent 2</td>
</tr>
</tbody>
</table>

Table 2: Young adults’ admired and least admired celebrity attributes N=13

<table>
<thead>
<tr>
<th>Characteristics of favourite celebrities (positive role model)</th>
<th>Characteristics of least favourite celebrities (negative role model)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emotional connection, inspirational, sense of humour, attractive appearance, generous, confident, friendly, well-mannered, genuine, exciting, persistent, non-materialistic, down to earth, professional, family person, open-minded, courageous, emotional, humble, cooperative.</td>
<td>Non-relatable (no emotional connection), inconsistent behaviour, ill-mannered, materialist (only in it for the money), Self-centred, attention seeker, non-genuine, evil, rebellious, unfriendly, aggressive.</td>
</tr>
</tbody>
</table>
Table 2 summarises the main characteristics of the most and least admired celebrities mentioned on the interviews and it shows how fame is based on ability to relate and appeal to the emotional needs of the consumers. Fame seems to be about attracting positive public attention, creating public awareness and appealing to the ideal self-image of consumers. Admired celebrities need to have extremely high interpersonal skills to connect emotionally and avoid interpersonal problems (Alden, Wiggins, & Pincus, 1990). There are six core personal attributes, which describe what makes celebrities appealing to consumers (figure 1).

Figure 1. Hierarchy of celebrity attributes
1) Celebrity-consumer emotional connection: successful celebrities are able to connect emotionally with consumers and relate appeal to the consumer’s ideal self-image. Consumers are attracted to the celebrities who represent their ideal image of whom they would like to be one day. Self-identification with their ideal role model celebrity is consistent with previous research findings (S. M. Choi and Rifon, 2012). Consumer-celebrity identification takes place when there is congruence of attitudes, aspirations/goals and behaviours. Human brands appear similar to traditional brands which aim to express and enhance one’s actual/ideal self-concept. (Kuester, Hess, Hinkel, & Young, 2007, p. 1674). It seems that similarity in terms of the consumer-celebrity self-image is very important to develop positive affective relationships.
2) Ability to inspire and motivate: celebrities are subjectively appealing if they are positive social role models as opposed to negative role models. It seems that the perception of positive versus negative role model is based on the consumer ideal self-concept. Additionally, the influential role of celebrities was the most desirable advantage of being famous according to the respondents.
3) Authentic and generous: The perception that celebrities are authentic, instead of being an artificial creation of publicity agents seems to be a crucial trait, which is similar to the authentic product brands (Eg. Boyle, 2004). Being generous is a desirable quality because it shows that celebrities care and have noble feelings towards other fellow humans. Authenticity and generosity enable consumers to trust and believe that their emotions and feelings are real. Perceived genuine authenticity is correlated with consistent behaviour and inconsistent behaviour with inauthenticity. Traditional brands are actively engaged in socially beneficial causal promotions and charity work because they are perceived to have genuine commitment to their market’s long term wellbeing (Samman, Auliffe, & MacLachlan, 2009). Participants perceived their most admired celebrities as generous due to their ability to use their fame for social benefit. Self-centred celebrities were perceived as undesirable role models.
4) High Self-esteem, positive self-regard: Most of the interviewees’ favourite celebrities were described as being self-confident. High self-esteem has two sides, a positive and a negative. A positive self-esteem is expressed as self-acceptance which expresses that the respective celebrity feels comfortable with whom they are; and the negative expression is when
celebrities become narcissistic, or express inflated and unrealistic self-image (Baumeister, Campbell, Krueger, & Vohs, 2003). In this way, admired celebrities seem to be closer to the positive and authentic side of self-esteem. Celebrities projecting healthy self-esteem inspire and motivate consumers to look up with more confidence and hope towards achieving their own goals. Lower consumer self-esteem is positively related with higher levels of celebrity admiration (North, Sheridan, Maltby, & Gillett, 2007), thus celebrities’ projection of high self-esteem can affect consumers’ self-esteem and confidence.

5) Humour, creating fun, joy and Agreeable: Humour was very high on the list of the characteristics of all participants’ favourite celebrities. However, the lack of an agreed definition of “humour” (Martin, 2010) has precluded other researchers to include it as a positive celebrity characteristic. The research findings highlight the ability to be humorous, fun and create positive emotions of joy and happiness as essential celebrity traits. Being agreeable makes consumers feel comfortable and the celebrity becomes likable. Agreeableness and humour can enhance consumer’s mood and convey socially difficult messages and emotions more effectively (Weinberger & Gulas, 1992). Celebrities high on agreeableness and social emotional connection are perceived to be approachable, friendly and genuine in their communication of ideas, feelings and behaviours.

6) Talent and physical appearance: The findings of the interviews suggest that talent is important, but not the main factor which leads to celebrity success and admiration. However, the broad definition of talent, and people’s subjective perception of talent need to be highlighted. Participants believe that many disliked celebrities (infamous personalities) are talented, but infamous people’s talent alone is not enough to make one an admirable famous celebrity. An example of this is Miley Cyrus who according to an interviewee’ is really good at what she does, I give her that, but she puts me off with some of the obnoxious things she does’. Physical appearance and “good looks” are important. Nonetheless, there are many famous people who are not classified as attractive, thus good looks are not enough to celebrity brand differentiation. There are different types of physical appearance which seem to connect with different consumers. Both female and male respondents expressed a strong desire and aspiration to look like some of their favourite celebrities. More in-depth research is needed to understand the differences in individual preferences for celebrity attractiveness, which may be influenced by age, gender, cultural and personality characteristics.

Managerial implications, limitations and future research
Brand endorsement is probably only one aspect of human brands, but not the most critical one. Celebrities appear to have a far more complex role on consumer’s lifestyle choices and commercial economic choices. Consumers appear to be very susceptible to celebrity influence because they are emotionally connected, identify with what they buy, channels they buy from and choices of physical looks. Celebrities can be used as role models and opinion leaders for all types of product categories because consumers simply suspend critical thinking and follow emotionally their favourite celebrities. Understanding the perceived attributes, which cause a more persuasive use of celebrities can lead to a more efficient use of celebrities as opinion leaders. Human celebrity brands are more diverse than previous studied brands because human celebrity brands have more interesting and diverse personality characteristics. However, the qualitative research findings need to be tested empirically to verify their validity and reliability and cannot be generalised.

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An Exploratory Look at Brand Orientation in the NZ Food and Beverage Sector: A Contingency Approach.

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Abstract
An exploratory study into the productivity of 10 NZ Food and Beverage firms produced results counter intuitive to the brand orientation literature. Evident within the study were findings suggesting that brand orientation did not influence the strength of brand presence within the market place. Organisations that focused on differentiating products through innovative and value added approaches built stronger market leadership positions regardless of their level of strategic brand orientation. In this exploratory study, differences in organisational brand orientation were unable to explain outcomes relating to market presence. Therefore suggestions that the brand should be seen as a focal point of corporate strategy require more nuanced investigations. This paper starts to address this need by focusing on the contingency factors which affect brand orientation and brand management practices.

Keywords: Brand orientation, Brand Management, Contingency theory, Food and Beverage, NZ exporters
Track: Brands and Brand Management.

Introduction
Kay’s (2006) discussion of the development of branding strategies within firms suggests that an overarching definitive logic to brand orientation and brand building is missing. His approach suggests that the literature’s dominance of anecdotal stories about major brands has led to a lack of understanding of the way in which branding strategies take into account industry specific factors (contingencies) that affect brand development at the firm level. Findings from an exploratory study within the New Zealand Food and Beverage sector support this contingency approach, as the brand orientation of firms within the sample appeared to have little effect on market place presence, growth or performance. Our findings show that the largest firms on our sample have delayed their development of strategic brand orientation (Wong and Merrilees, 2005), while smaller companies who actively develop an integrated brand orientation have faced difficulties in gaining and maintaining marketplace presence. However, rather than contradicting results in the brand orientation literature, we suggest that these findings point to the need for a more nuanced discussion of the role of brand orientation within firms and that an approach that looks at market based contingency factors offers a way to develop this discussion.

In this exploratory research we examine the brand orientation and brand management approaches of a sample of NZ firms from the food and beverage sector and observe the different practices undertaken by them as they overcome and adapt to a range of external factors to grow their businesses. We identify three external contingency factors, commoditisation, channel power and internationalisation, which act to constrain the brand orientation and brand management practices of the firms.

Brand Orientation and Brand Management Practices
Brand orientation is an organisational mindset driven by a passion for brands (Urde, 1999). It is seen by some as key to creating sustainable competitive advantage through the
development of branding strategies and leads to firm level brand management tactics or practices (Urde, 1999). In highly brand oriented organisations brands are seen as valuable strategic resources of importance to the entire organisation, the central point around which organisational strategy develops and processes revolve (Gromark and Melin, 2011). There is agreement within the brand orientation literature that building strong brands should be the focal point of organisational strategy as brands enhance the ability of companies to compete, generate growth, and because branding activities bridge most of the important decisions faced by marketing managers (Kay, 2006; Urde, 1994, Wong and Merrilees, 2005, 2007). Brand orientation is also seen as the operative foundation of brand management; the tactical delivery of branding practices perceived to be an organisational core competence and one that leads to a sustainable competitive advantage for firms (M’zungu, Merrilees and Miller, 2010; Gromark and Melin, 2011).

Brand orientation has been shown as positively associated with brand performance in the B2B sector as well in B2C contexts (Baugmarth, 2010). Wong and Merrilees (2005, 2007) suggest that the relationship between branding strategy and brand performance is moderated by brand orientation. In their view, highly brand oriented organisations integrate brands into overall strategies, increasing their ability to create focused and consistent brand practices. Additionally, Wong and Merrilees (2007) suggest a positive effect of brand orientation on financial performance; with organisations who integrate brands into their strategy achieving greater value than organisations with low levels of brand orientation. Reijonen et al. (2012) in a study of 500 Finnish SMEs, report that level of brand orientation clearly differentiates declining firms (low levels of brand orientation) from stable and growing SMEs (higher levels of brand orientation). Gromark and Melin (2011), investigating the dimensions of brand orientation in 500 of Sweden’s largest companies, also link brand orientation to financial performance, suggesting that up to 15% of operating margin is explainable by brand orientation. The most highly brand oriented companies in their sample were almost twice as profitable in terms of operating revenues as the least brand oriented companies.

A clear pattern therefore emerges from the literature that highly brand oriented companies have greater focus on brands, are able to develop better tactical branding practices, improve brand performance and even improve financial outcomes. These findings have occurred in multiple countries, in business to business and business to consumer contexts, in SMEs and in large organisations, so the idea of positive effects arising from high levels of brand orientation appears well established in the literature. This leads however, to two research questions. Firstly, if the effects of brand orientation are so clear why do some firms persist in practices that devalue the role of branding in their organisations? Secondly, why are many firms able to achieve growth and success without being highly brand orientated?

**Contingency Theory**

Contingency theory considers the role of specific internal and external firm factors which act to moderate the relationship between brand orientation and brand performance (Kay, 2006, Hirvonen et al., 2013). Internal factors found to inhibit branding have included firm age, size, and branding know how of the firm (Hirvonen, Laukkanen and Reijonen, (2013). In SMEs, branding knowledge, resource constraints, the influence of the entrepreneur and company structure have all been studied as potential brand barriers (Krake, 2005, Wong and Merrilees, 2005; Wong and Merrilees, 2008). External contingency factors previously considered include market place marginalisation, (Urde, 1994); pace of internationalisation (Bell, Crick and Young, 2004); industry sector norms (Mitchell, Hutchinson and Quinn, 2013); industry life cycle (Gardner, Johnson, Lee and Eilkinson (2000), customer type (B2B vs. B2C), industry type and market life cycle (Hirvonen et al., 2013). Research using a contingency
approach suggests that variance in performance variables can be explained by the extent to which organisational designs are matched with external contingency factors. The best performance is gained when organisational strategies fit well with environmental contexts (Gardner, Johnson, Lee and Wilkinson, 2000). We argue in this paper that these external contingency factors act to inhibit the development of brand orientation because highly integrated branding strategies do not necessarily provide the best fit with the external environment.

Hirvonen et al., (2013) empirically test the role of three contingency factors (customer type, industry type and market life cycle) on the relationship between brand orientation and brand distinctiveness and found that only customer type had any influence. The current study builds on this discussion by identifying three additional contingency factors that influence the relationship between brand orientation and brand management. These contingency factors are the degree of commoditization of the product category, an imbalance of channel power, and the internationalisation of the firm.

Methodologies
The current study uses data gathered from a single sector, the food and beverage industry, as it provides rich possibilities for exploring the effects of contingencies on the development of brand orientation and brand management within firms. Data from a range of companies at varied stages of development were gathered from secondary sources such as company websites, media campaigns and business news reports. The sample included ten small, emergent, growing, established, medium sized, and large firms, all of which reportedly produced high or medium value-add relative to similar food and beverage manufacturing firms.

Semi-structured interview questionnaires were developed for interviews with the CEO / founder of each of the organisations and these were followed by interviews with different functional managers within the respective companies. During these follow up interviews we sought details of the brand orientation and brand practices of the firms as well as of the external factors that may be moderating the relationship between the two. Using Nvivo, these factors were coded as nodes and then thematically analysed.

Results
The first of the contingencies acting on brand orientation stems from the degree of commoditisation of food and beverage product categories within the market place. While our companies were considered to be innovative producers of high value products relative to other companies, most rely on an unbranded line of business to create cash flow and ensure sustainability. While this approach ensures company sustainability, it does so at a cost of reducing firm level brand orientation by diluting senior management focus away from the core company brands and toward managing across branded – unbranded lines of business.

This is why we’ve been quiet, because in the early days we’ve built the business, on house brands. We’ve spent more in the last three or four years, but to get brand equity is very, very difficult because it’s quite commodity driven Company A.

In the case of Company A, the organisation has successfully built a large organisation over 30 years, with turnover reaching more than $130 million in 2011. As a supplier of multiple product lines into domestic supermarkets, they achieved this growth through building capabilities in production, relationships with retailers and by acquiring competitors. Very little of their focus has been on branding, with communications programmes becoming part of the business strategy only in the last 5-6 years.
One effect of commoditization is to reduce the potential margins available to producers and limit resources available for brand development. For some of the smaller companies, such as Company B, an additional effect has been to add to the complexity of managing across branded – unbranded lines.

We decided we needed a three tiered branding approach: low end, middle and premium. When I say middle, it’s more middle premium, and then premium with [a further brand]. The jury’s out on whether or not we’re pursuing that. It’s hard enough to manage one brand let alone three.

Company B

Company B is a small business, established in the mid 1980’s, with operating revenue of less than $4 million. It derives around 30% of revenue from producing for a third party house brand, and is attempting to manage both unbranded production as well as a tiered branding strategy to meet competitor pressure within the market place. The company has struggled to grow beyond a small base, improve its market position, and build a brand presence. For Company B, the strategic thrust for developing a strong brand orientation is diluted because most managerial attention is devoted to creating a sustainable business in the face of intense market pressure. The upshot for this firm however, is that increasing brand presence in any of the low, middle or premium positions has been difficult.

Related to the degree of commodisation within the market is a second powerful contingency factor, the extent to which channel power is heavily weighted towards the larger retailers, particularly the supermarkets. This power imbalance ensures that brand presence within the retail environment is limited for all but the major suppliers within a given product category;

We had put a lot of energy and investigation into what was the right strategy and our whole ethos was we’re L-brand, we’re 100% grown, harvested, packed and shipped ourselves. This is who we are and what we do. So we maintained that stance and the supermarkets said, that’s fine, we’ll buy this portion off you, but actually the other portion, down the road that’s just opened up and they’re prepared to pack it in our brand.

Company L

For small and mid-size firms, the effects of supermarket power on the strategic focus on their own brands is immense. For Company L, and others like them, control of their branded packaging and shelf presence within the supermarket is lost and they face limited options for creating alternative distribution channels. To achieve sufficient distribution for sustainability, businesses in this sector have an on-going need to keep their products on the supermarket shelves and in doing so, they have no choice but to sacrifice their branding strategies. To overcome these commoditisation and channel power issues, organisations may follow a strategy of specialising into high value niche markets often using internationalisation strategies to find new markets to grow into. However, gaining a brand presence in international markets can be difficult for companies and it appears that New Zealand’s advantages as a premium producer of primary products may in some cases, compromise managerial motivation for developing a strong organisational brand orientation.

You take in Asia for example, a lot of people feel that they can trust those products from New Zealand, we are still tapping into that trust .... In different markets we’ll dial up or dial down different aspects of that whole expression, In Asia we dial up quite a lot the New Zealandness and some of the scenery and romantic notions of beautiful mountains and valleys and rivers.

Company C

Company C

A number of our sample companies, including Company C, a well-established company with revenue around $100 million, appear willing to leverage off NZ’s reputation, coat tailing off the success of the brand “NZ”. This has the effect of delaying the development of their own
strong brand values and associations, at least in certain markets or for periods of time. For organisation’s whose New Zealandness is a key leverage to gaining access into international market places, resources are often devoted to finding and developing relationships with distributors and joint venture partners first, and only once these are fully established is effort directed at developing a clearly differentiated branding strategy.

Discussion
At the beginning of the paper we asked two questions. Firstly, if the effects of brand orientation are so clear why do some firms persist in practices that devalue the role of branding in their organisations? Secondly, why are many firms able to achieve growth and success in their industries without having a highly integrated brand orientation? The results reported here go some way to answering these questions. Contingency factors such as commoditisation, channel power and degree of internationalisation all influence the structure of the marketplace and companies are faced with either overcoming the limitations these represent, or adapting their strategies to best fit these conditions (Kay, 2006). The organisations in our sample are adapting to these contingencies because they are unable to overcome their influence and it is these adaptive practices that lead the largest of them to sacrifice firm level brand orientation and management practices. For some of the established companies, high levels of brand orientation and the development of tactical brand management practices occur only once the organisation is well established, while for others, brand integration is delayed more permanently. What we see evidenced here is the adaptation to contingency factors at the expense of strong levels of brand orientation.

To form the basis of the next stage in this project four broad research questions are posed. These are, firstly, a) What is the cost to organisations of pursuing adaptation strategies that devalue the role of branding and b) can this cost be measured in terms of growth and financial performance? Related to this is the second question, a) while leveraging “brand NZ” is often useful for exporting organisations, does this lead to a risk of products being commoditized? and b) is the value of commoditized NZ produce (which often commands a premium) greater or less than the potential value accrued from distinctly branded niche products from the same industry? Thirdly, exploratory research in the F & B sector show commoditisation, channel power and internationalisation as contingencies which inhibit brand orientation as an organisational strategy. Can we a) identify specific market conditions in other sectors in which a high level of brand orientation provides ‘best fit’ with the external environment? And b) identify further contingencies in these sectors which inhibit brand orientation? Finally, with regards to channel power how much of an imbalance is too much? Can a tipping point be identified whereby the balance of power between distributors / retailers and manufacturers makes it possible for producers to follow a highly brand oriented strategy and still survive as a business?

References


Enhancing Perceived Fit on Competitive Settings

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Abstract

A common finding in the brand extension literature is that perceived fit has a directionally consistent impact on the extension evaluation. However, most of the literature ignores a more common marketplace reality, namely, competition. Drawing on categorization theory and on the notion that consumers evaluate brand extensions by a category-based processing, this research argues that consumers not only transfer quality perceptions about parent brand products from one category to another but also its competitive context and links. Results show that when perceived rivalry between two brands in the parent category is transferred to the extension category, perceived favourability increases, regardless of the perceived fit between the parent brand and the extension category.

Keywords: Brand Extension, Perceived Fit, Competitive Rivalry

Track: Brands and Brand Management

Introduction

Brand extensions are the most common form of growth strategies used by marketing managers (Loken and John, 1993). Endowing a new product with a well-known brand name is cost efficient and provide consumers a sense of security and trust that are transferred from parent brand onto a new product (Erdem, 1998). Whether a brand can be successfully extended to a given category is largely determined by how customers are likely to respond to the extension. A common assumption in most brand extension research is that there is a positive relationship between the perceived similarity of the parent brand with the extension product category and consumers’ preferences for that extension (Park, Milberg, and Lawson, 1991; Volckner and Sattler, 2006). Yet, many successful extensions that have perceptually low fit with their parent brand can be found in the marketplace (e.g., Samsung binoculars, Bic windsurfers).

The discrepancy between prior research findings and examples from the marketplace suggest that some important conditions affecting the fit-extension relationship may be overlooked. In fact, failure to include competitors is typical of most extension research (Keller and Aaker, 1992; Milberg, Sinn, and Goodstein, 2010; Yeung and Wyer Jr, 2005). Therefore, this research aims at understanding the role of competition on the fit-extension relationship. In particular, this paper examines how competitive rivalry can influence fit perception and in turn enhance extension favourability. Drawing on categorization theory and on the notion that consumers evaluate brand extensions by a category-based processing (Aaker and Keller, 1990), this research argues that extensions benefit from competitive associations that parent brands hold in their product category of origin. It is proposed that perceived rivalry between two brands in the parent category may be transferred to the extension category such that the presence of one competitor facilitates the entry or introduction of an extension from the rival competitor overcoming the lack of initial fit between parent brand and extension category. This paper is structured as follows: first, the literature on perceived fit and brand extension is
revisited. Then, this study’s hypothesis is presented and tested in one study showing empirical evidence and support of the proposed theory. Finally, conclusions and future research directions are provided.

**Literature Background**

Prior literature suggests that customer evaluations of brand extensions are influenced by the degree to which consumer knowledge and associations towards a brand are transferrable to a new extension product (e.g. Aaker and Keller, 1990; Park et al., 1991; Volckner and Sattler, 2006). The extent to which these associations will be transferred to a new product context depends significantly on the perceived fit between the extension and the brand’s current offerings. The term “fit” often refers to the degree of similarity between an extension product and the parent brand current product offerings (DelVecchio and Smith, 2005). When perceived similarity is high, associations and knowledge about the parent brand become more readily available and relevant to the proposed extension product, thus affecting consumer evaluations more strongly. Conversely, when similarity is perceived to be low, any positive parent brand associations do not readily transfer to the extension reducing consumer’s favourability about the new product (Klink and Smith, 2001).

The question of how fit is formed has been of great interest from researchers of the marketing discipline. Literature in this research stream suggests four general approaches to explain how similarity facilitates the transfer of knowledge and affect from parent brand to extension, and thus, influencing intentions to purchase. The feature-based similarity approach emphasizes measures of shared product characteristics that are more tangible and in essence difficult to apply to extensions across product categories whose physical features may not be comparable (Martin and Stewart, 2001). Another approach is based on whether the parent brand is perceived to have and to offer the benefits sought in the extended category, regardless of its category of origin and apart from any features similarity (Martin and Stewart, 2001; Murphy and Medin, 1985). Consistent with this perspective Park et al. (1991) suggested that products could be classified based on their brand concept: functional or prestige. Prestige brands could extend their products with no feature similarities because they ‘hang’ together within the same brand concept. Further, Broniarczyk and Alba (1994) demonstrated that perceived fit is a function of specific brand associations such that brands may fit with the extension category as long as it offers the benefits sought by consumers within that product category.

A third perspective is related to how consumers use brands or products. Ratneshwar and Shocker (1991) show that similarity of use occasion has a direct effect on the transfer of knowledge, affect, and intention to purchase. Resembling the feature-based similarity view, this perspective is mostly valid and used for products that are within the same product category (complements) or product line. For example, Wilson tennis balls are a good fit for Wilson tennis rackets because consumers use both products to play tennis. Likewise, Sony memory cards and digital cameras fit well together for their simultaneous use when taking pictures. Finally, Martin and Stewart (2001) suggest the concept of goal-based similarity. They found that when two products shared a set of goals they were perceived more similar because consumers’ elaborations about those products were more detailed and focused on a link between attributes of the extension and the parent brand. While these authors correctly note that initial poor perceptions of category fit may be overcome by developing another form of congruence (e.g. creating brand associations or common usage contexts), they ignore a more common marketplace reality, namely, competition. Common to all these studies is that participants evaluated extensions in the absence of competition, although consumers rarely do
so. In fact, failure to include competitors is typical of most extension research (Keller and Aaker, 1992; Milberg et al., 2010; Yeung and Wyer Jr, 2005) and places boundaries on its implications.

Competitive effects are important to brand extension evaluations. Sullivan (1992), using scanner data, found that extensions introduced late versus early in the life cycle perform better. Oakley, Duhachek, Balachander, and Sriram (2008) examine entry effects more directly and find that late extension entrants can succeed if they are deemed a better fit with the category relative to a pioneering extension with poorer fit. Smith and Park (1992) study how the number of competitors affects brand extension success and find that extension shares are higher when there are relatively few competitive brands. Finally, Milberg et al. (2010) show the moderating effect of the salience and nature of competitive alternatives in the brand-extension fit relationship. In particular, they find evidence that, in competitive settings, differences in risk perceptions and extension preferences seem to be more associated with competitor’s relative brand familiarity than with fit between extension category and parent brand. As such, extensions perform better regardless of fit when paired with relatively unfamiliar versus familiar competitors. This research takes a different perspective and examines the positive role of competition to enhance fit perception and in turn enhance extension favourability.

A common explanation to how the similarity between parent brand and extension is formed and processed is based on categorization theory. This theory suggests that individuals construct and use categorical information to classify, interpret, and understand information they receive in their everyday life (Murphy, 2002). To categorize means to group together objects, events, or concepts that are alike in important aspects, enhancing information processing efficiency and cognitive ability. By doing so, individuals form an organized knowledge structure that allows them to identify and give meaning to new objects or events, draw inferences about features and interaction outcomes, and make causal or evaluative judgments (Cohen and Basu, 1987). In a consumer context, categorization is used to assign a particular product or service to a consumer category (e.g. a set of products, services or brands) so that inferences can be drawn about it (Loken, Barsalou, and Joiner, 2008).

Aaker and Keller (1990) suggest that consumers evaluate brand extensions by a category-based processing, whereby consumers transfer quality perceptions about the parent brand to the new brand extension depending how well the two fit together. Likewise, Boush and Loken (1991) suggested that brands are like categories in which brand names are labels of the category, and the products, its members that are part of a grade structure. A grading structure is the range of category representativeness that goes from the most representative members of a category to the non-members that are least similar to the category. For example, a robin is perceived as more typical or a better representative of the ‘bird’ category than is an ostrich. On the other hand, a chair is a better non-member of this category than is a butterfly. In a consumer market context, ‘Coca-cola’ is a better representative of the “cola soft-drink” category than is Diet Pespi while Budweiser is probably a better example of non-members than Sprite is.

Drawing on categorization theory and on the notion that consumers evaluate brand extensions by a category-based processing, this research argues that consumers not only transfer quality
perceptions about parent brand products from one category to another but also its competitive context and links. Thus, it is proposed that perceived rivalry between two brands in the parent category is transferred to the extension category such that the presence of one competitor facilitates the entry or introduction of an extension from the rival competitor. To illustrate, imagine that Coca-Cola has introduced a new CD player into the market. A priori, this is a low fit category with both Coca-cola and Pepsi and extension evaluation should be lower compared to a higher fit extension category. However, consider that Coca-Cola has successfully introduced this new product in the last few years. This research argues that Pepsi’s extension to the CD player category is facilitated because its rivalry link with Coca-Cola in the soft-drink category, regardless of the perceived fit between Pepsi and CD players. An experimental study was conducted to test the proposed hypothesis and results are presented next.

Study

Design and Sample

Two hundred and sixteen people were recruited through Amazon Mechanical Turk for this online study. A pre-screening process through qualifications was used to make sure there was no survey retakes. Only those that were US residents, with a HIT approval rate above 97%, and had above 5000 HITs approved were able to participate in the study. Participants were paid US$ .50 to complete the survey. To test the proposed hypotheses, a 2 x 2 between-subjects factorial design was employed. The two factors are competitive fit (present/absent) and brand fit with the extension category (worse/better). Red Bull and Monster Energy are the parent brands, as both are rated as familiar, well liked based, and perceived similar in terms of market position, image, and quality, based on pre-tests. Ready-to-drink yogurt and potato chips represent worse fit categories, while sports drinks and protein snack bars better fit extension categories. Participants in the scenario where there was a presence of competitive fit read “Following the success of Red Bull in the past few years in the sports drinks product category. Monster Energy recently decided to introduce a new product (ready-to-drink yogurt, potato chips, sports drink, protein snack bar)”. Participants in the condition where there was no competitor simply read “Monster Energy recently decided to introduce a new product (ready-to-drink yogurt, potato chips, sports drink, protein snack bar).”

Measures

Participants then rated the extension on three 7-point scales (Cronbach’s $\alpha = .97$), assessing favourability (1-not at all favourable, 7-extremely favourable), liking (1-extremely negative, 7-extremely positive), and desirability (1-not at all desirable, 7-extremely desirable). Next participants in the condition where competitive fit was present, rated how similar (1-not at all similar, 7-very similar) competitors (Red Bull and Monster) were on eight 7-point scales assessing: overall quality, price, manufacturing ability, prestige, market position, product quality, brand image, and overall brand strategy (Cronbach’s $\alpha = .94$). In this research, perceived similarity between competitors was used as proxy for competitive rivalry. Finally, all participants rated the fit between brand and the extension category was measured on five 7-point scales (Cronbach’s $\alpha = .98$) assessing consistency (1-not at all consistent, 7-very consistent); appropriateness (1-not at all appropriate, 7-very appropriate), logical sense (1-makes no sense, 7-makes lot of sense), manufacturing ability (1-very low ability, 7-very high ability), and overall fit (1-very little fit, 7-very high fit).
Results

Support for all manipulations of fit was found. Ready-to-drink yogurt (M= 2.39) and potato chips (M = 2.27) were perceived to be lower fit categories than protein snack bars (M = 4.25) and sports drinks (M = 5.38; F(3, 212) = 57.20, p < .001). Also, Monster Energy was perceived highly similar to Red Bull and significantly above the middle of the competitive similarity scale (M = 5.50; t(107) = 14.11, p < .001).

A 2 (competitive fit: present vs. absent) x 2 (category fit: high vs. low) ANOVA indicated a significant main effect of competitive fit (F(1, 212) = 32.77, p < .001) and category fit (F(1, 212) = 23.90, p < .001), as well as a significant interaction between competitive fit and category fit on extension evaluations (F(1, 212) = 26.39, p < .001). Replicating prior research in noncompetitive settings, evaluations of worse fitting extensions (M = 2.35) were significantly lower than those for better fitting extensions (M = 4.25; F(1, 106) = 38.2, p < .001). Examining differences within the competitive fit setting, results indicate that there is no difference in evaluations of worse (M = 4.15) versus better fitting extensions (M = 4.55; F(1, 107) = 0.63, p > .10). All results were similar across categories and provide substantial support the proposed hypothesis.

Discussion and Conclusion

The amount of attention and effort marketing place on branding offers an opportunity for consumer researchers to provide valuable insights and direction to managers. However, the extent that academic research can fulfil that goal depends on the degree to which its studies consider market reality. This research addresses the important role that competitors may have on brand extensions. In particular, the positive role of brand rivalry was examined in this paper. While the presented results replicate the common finding that fit improves extension evaluations in non-competitive settings (e.g. Aaker and Keller, 1990; Park et al., 1991), different results were found when the competitive links were considered. It was shown that when a competitor has successfully introduced a new product to another category, it facilitates the entry of competitive rivals from the parent brand category, regardless of the fit between parent brands and extension category.

The implications of the findings are that brands may be more expandable than previously thought and that the rivalry relationship between brands must not be ignored. One possible avenue for future research is to examine whether the market position (e.g. market leader vs. market challenger) of the pioneer brand influences how the follower extension brand will be perceived. In this study, Red Bull has a large market share and is the market leader of the energy drink category. Further research could also examine whether results would hold if Monster Energy was the pioneer and Red Bull the follower in the extension category.

References


Does a ‘Buy National’ premium exist?
Evidence from a Bi-National, Multi-Category Study

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Abstract
This study investigates whether consumers in Australia and New Zealand are willing to pay a premium for products in three product categories (muesli bars, toilet tissue and merino jersey) that feature in the buy national campaigns of their respective nations. Through an experimental design and intercept survey of 216 consumers, there is strong evidence for the existence of buy-made-in effects for the muesli bar and toilet tissue categories at the 95% confidence level. An equalisation price is a way of valuing the impacts of non-price attributes. It is the change in price in a compensatory multi-attribute market response model that equalises, or compensates for, the impact of another marketing mix factor - in this study, the presence of a ‘Buy Made in’ sticker. The buy New Zealand made equalisation price was confidently estimated to be an equalisation discount, whereas the estimated buy Australian made effect amounts to a premium.

Keywords: buy national campaign, country of origin, Australia, New Zealand

Track: Brands and Brand Management

1.0 Introduction
There is conflicting evidence about the efficacy of buy national campaigns (BNC) and the importance of country of origin (COO) as a cue in consumer purchasing more generally. Accumulating evidence from over fifty years of research on the role of COO in consumer purchase decisions demonstrates a disjuncture between what people say and what they do. Specifically, these conflicting results relate to the chosen research method used to capture consumers’ product evaluation process. When measured by self-completion questionnaires, COO is an important cue (Hoffmann, 2000; Verlegh & van Ittersum, 2001). Conversely, when consumers are intercepted at the point of purchase and interviewed about factors which led to them purchasing the product in their shopping bag, there is evidence that COO plays a very minor role in the actual purchase decision (Insch & Jackson, 2014; Liefeld, 2004). In addition, there is accruing evidence that the influence of COO in consumer product evaluations has been overstated in previous research. Consumers are less likely to rely on COO information when they have access to other cues (eg. price, brand, store name) about the product’s quality and other intrinsic attributes (Bloemer, Brijs, & Kasper; 2009; Samiee, 1994). A review of evidence of the role of COO in consumer product decisions reveals that COO is product specific and country specific, thereby making generalisations about its impact difficult (Lampert & Jaffe, 1998). Furthermore, Samiee, Shimp, and Sharma (2005, p. 379) conclude that “past research has inflated the influence that country of origin information has on consumers’ product judgments and behaviour and its importance in managerial and public policy decisions”. Their research “reveals that consumers actually have only modest knowledge of the national origins of brands”. Overall, there is increasing doubt about the importance of this cue in consumer product evaluation and purchasing decisions.

Evidence of the influence of ‘buy national’ campaigns (BNC), which are designed to promote the domestic origin of products, on consumer purchasing decisions is also weak. The
limited research which has focused on this particular COO cue indicates that “Buy-national”
campaigns achieve a high level of awareness among consumers, and make governments and
sponsoring organisations believe that they are doing good works by spending public funds on
such activities (Garland & Coy, 1993; Neven, Norman, & Thissé, 1991). However, evidence
that such campaigns in fact alter consumer behaviour is scarce (Fischer & Byron, 1995); in
fact some studies suggest that such campaigns have minimal or even negative effect (Ettenson,
Wagner, & Gaeth, 1988; Fenwick & Wright, 2000; Fischer & Byron, 1995). This study
revisits the ongoing debate on the role of ‘Made In’ as a cue in consumer decision making in
the context of ‘Buy National’ campaigns. Importantly, this study employs an experimental
design to compare the possible impact of BNCs in two countries and three product categories.
In contrast to the majority of studies on COO effects which recruit university students as their
survey sample, this study uses an intercept approach to recruit consumers who are involved in
shopping activities at the time of the survey to increase the salience of the topic under
investigation and the environmental validity of the experiment.

2.0 Consumer Willingness to Pay Premium for ‘Made in’ and ‘Buy National’

Often pressured by voters and lobbyists to reduce trade imbalances and stem the loss
of jobs due to increasing competition from imports (Granzin & Painter, 2001), many
governments support BNCs which aim to encourage ethnocentric tendencies in their populace.
These campaigns are designed to encourage a patriotic bias amongst consumers that will
translate into increased purchases of domestically produced goods over imports.

Despite the continued operation of such campaigns in several markets; USA, South
Africa, Slovakia, Malaysia, India, Italy and Thailand, there is evidence that Buy-National
campaigns are inefficient (Usunier, 2006). According to Elliott and Cameron (1994:50):
“While the objectives of such campaigns enjoy widespread community and government
support, the actual impact on purchasing behavior and, as a result, in favourably impacting on
the country’s balance of trade, often remain matters for conjecture.” Fischer and Byron (1995)
asked consumers to estimate the price they would expect to pay for items of clothing
purporting to be made domestically or imported. The addition of an Australian Made logo to
the quality Australian shirt caused a statistically significant change in the average expected
price – but it was in the reverse direction to that anticipated. “The expected price for the day
on which the (Australian Made) logo was added was $5.41 less than the price for the day
without the logo” (Fischer & Byron, 1995:110). Studies in emerging and developing market
contexts also demonstrate the failure of buy national campaigns to elicit a positive behavioural
impact from consumers. Saffu, Walker, and Mazurek (2010) examined the attitude of students
and non-students toward the Slovakian-made campaign. Using a self-completion survey, they
found that both groups were unanimous in support of a bipartisan approach (involving
government and industry) in the promotion of domestically made products. However, both
groups were undecided about the effectiveness of the campaign, thus its likely success in
changing their buying habits is doubtful. The Mtigwe and Chikweche (2008) study of
consumers’ attitudes to the ‘Proudly South African’ campaign shows that while consumers are
aware of the campaign and its objectives, they do not support them.

Previous research indicates that such campaigns may have minimal or even negative
effect. Fenwick and Wright (2000) examined annual sales and staff numbers of “Buy NZ
Made” campaign member and non-member firms in four industries over the campaign’s first
five years from 1988. They report, “No significant effect of the Buy NZ Made Campaign on
member firms in terms of the Campaign’s stated objectives of retaining employees in
manufacturing, nor in terms of increasing domestic sales of members relative to that of non-
members” (Fenwick & Wright, 2000, p. 141). However, it is possible that non-participating firms derive indirect benefit from increased public awareness of the need to support local firms and purchase their products. Neven et al (1991:10) state that “campaigns designed to encourage consumers to buy domestic goods can backfire. Successful campaigns will either increase the average bias (against buying foreign) or will narrow the diversity of consumer attitudes. At the same time, the consequence of any such campaign will always be to increase the price of the domestic good”. Buy National Campaigns persist despite clear indications of their efficacy in different national contexts and specific product categories.

3.0 Categorisation Theory and Ideal-point evaluation models

A theoretical perspective exists in marketing literature to predict the impact of the buy-made-in-effect in this study. Categorisation theory suggests that ‘consumers' prior knowledge plays an important role in determining the types of evaluation processes mediating final judgments’ (Sujan, 1985, p. 31). Category-based evaluative responses result from prior experience and a “schema-triggered affect” (Fiske, 1982). The natural formation of memory categories form the hierarchies used in consumer judgements where lower-order representations are specific and known as exemplars and higher-order representations are generalisations and are referred to as prototypes. Large differences in the process of consumer evaluations have been shown to depend on the level of category memory accessed during evaluation. When lower-order exemplars only are used as referents, the evaluations are likely to be effect-based, i.e. based on cognitive evaluations of category memory attributes, where increasing fit between categories leads to better evaluations. When higher-order prototypes are used as referents, it is more likely that an affective, or emotional, as opposed to an effective, or cognitive, evaluation of intrinsic product attributes, common to the prototype. In this application, the affect or emotion arising from the broad prototype category beliefs of one’s own country will form the judgment (Boush et al., 1987). Ideal-point evaluation models arising with the literature on categorisation theory predict the strength and valence of consumer evaluations will vary from negative, to a maximum positive, and finally to a lower positive evaluation according to an ‘ideal point’ inverted ‘U’ model as the congruence of the product and the category memory varies from incongruent to congruent (Mandler, 1982; Maoz & Tybout, 2002). Whilst there is no disagreement in the literature about the existence of desirable made-in effects with some categories and countries, to our knowledge there is no evidence that any particular theory explains the pattern of findings. This suggests an informative test between the most likely two theoretical models of consumer evaluation model that might be applicable in ‘buy made-in’ campaigns:

H₀: As the fit between the category memory of each product category exemplar product and a consumer’s own country category prototype varies from poor fit through moderate fit to good fit, the impact of the buy-made-in effect will vary from negative, through no impact, then onto a maximum positive, and finally to a lower positive or zero impact.

H₁: As the fit between the category memory of each product category exemplar products and a consumer’s own country category prototype varies from poor fit through moderate fit to good fit, the impact of the buy-made-in effect will vary from no impact, increasing monotonically to a maximum positive impact as memory schema congruence increases.

4.0 Research Methods

Shoppers aged 18 years and over were targeted as the participants in this survey. Participants were approached in survey areas located at shopping centres in six cities – Auckland, Hamilton, Dunedin, Brisbane, Sydney and Melbourne. Tourists were screened out
to include only residents in the sample. A Stated Preference discrete choice experiment and model (McFadden, 1972) was chosen to best estimate alternative-specific coefficients for effects of price, and the buy-made-in-country-of-origin effect for 3 diverse product categories. Consumers were intercepted and asked to choose one of three country-source alternatives for each of 3 product categories on display, designed to produce an increasing order of fit with both country images: 1) toilet tissue; 2) muesli bars; 3) a merino jersey. For the toilet tissue category, New Zealand, Australia and India were the source country options. For the muesli bar category, New Zealand, Australia and Indonesia were the source country options. For the merino jersey category, New Zealand, Australia and China were the source country options.

An experimental market-stall-like context was chosen to maximise the ecological validity of the more practical Stated Preference choice task. The 3 source-country alternatives for each product category were assigned 1 of 3 price levels: a typical or average price for the product in each country, a 10% discount price and a 10% premium price according to the design. The experimental design for all 3 categories was constructed in a ‘side-by-side’ fashion, using a design with 3 categories x 3 country-origins x 3 category-specific price levels and 3 categories x 1 two-level presence/absence buy-own-country-made factor (i.e. “Australian Made” in Australia and “New Zealand” in New Zealand). This side-by-side design was employed to ensure participants did not recognise a repeated pattern of relative COO prices across all 3 product categories, and thus become distracted from the choice tasks. This design was employed in both countries. Realisations of average (reference) category-specific price levels and buy-made-in stickers were designed specifically for Australia and New Zealand. We constructed our optimal design via the well-proven technique of using SAS experimental design macros (Street, Burgess, & Louviere, 2005). A 36-run full-factorial design was chosen having 100% D-efficiency or design balance.

For each category, at various places in the design, each of the products had labels that conformed to the design for typically accessible price and discrete country-of-origin. The buy-made-in sticker, when present, indicated ‘Buy New Zealand Made’ for the New Zealand alternative in the New Zealand study and ‘Buy Australian Made’ for the Australian alternative in the Australian study, as indicated by the above design. After indicating their 3 category choices, respondents were asked to give a reason for them. This was noted by researchers and later examined. Respondents then completed a short survey about their highest educational attainment, region of origin, age bracket, and annual household income. The researchers also recorded the respondents’ gender. The design arrangement was changed between each respondent so 3 participants were exposed to each of the 36 design arrangements. A total of 108 respondents participated in the experiment in each country, resulting in 216 completed survey forms for analysis. Data was entered into an excel spreadsheet.

Three multinomial logit choice models for each category were iteratively estimated for each country. The equalisation price of the ‘made-in’ effect was standardised by the average design price in the local currency for each of the 3 categories in the experimental design. This method for estimating the equalisation price for the made-in effect not only conveniently factors out the otherwise problematic multinomial logit scale factor, unique to each category and country-specific model, inversely proportional to the uncertainty in the model data, (Swait, Erdem, Louviere, & Dubelaar, 1993) but also the differences in average sale prices in the two local currencies. This in turn allows us to directly compare the buy-made-in effect estimates between the two countries for each of the three categories on the same scale. These equalisation price premium ratios, and their category- and country-specific differences, are classed as plug-in estimators, and therefore it is appropriate to employing the wrap-around
5.0 Findings

No strong evidence for any demographic effect on choice was found. Strong evidence for the existence of buy-made-in effects for the muesli bar and toilet tissue categories was found at the 95% confidence level. As predicted by the null hypothesis, the buy New Zealand made equalisation price was confidently estimated to be an equalisation discount, whereas the buy Australian made effect was, contrary to expectations, a premium. As expected, there was no strong evidence for any difference between the two countries for the buy-made-in equalisation price for muesli bars, with strong evidence of similar equalisation price premiums in both countries. Interestingly, there was no strong evidence at the 95% confidence level of any buy-made-in effects for woollen jerseys in either country, where we expected a smaller, but still positive, premium effect. However these findings are still in general agreement with the ideal-point country-category prototype evaluation model. We may have simply chosen ‘too’ good a fit with the woollen products, so that the impact attenuated more than expected, and underestimated the level of fit between Australian toilet tissue category and the typical Australian consumer country prototype. Verbatim quotes below support this interpretation. The supported ideal point model is more sensitive to these errors.

Participants’ comments were analysed to interpret the results. Support for the buy-made-in equalisation price premium in Australia was reflected in many comments. One participant in Melbourne explained: “It’s not that much more to buy toilet paper made in Australia”. Similarly, one respondent in Sydney stated: It’s not much more to have Australian made (muesli bars and toilet paper)”. One participant in Brisbane explained that the price premium for Aussie made toilet tissue was acceptable: “For toilet paper, I probably should buy the cheaper one, but for 30¢ more I’d buy the one made here”. Comments made by New Zealand consumers also supported the overall results. The comments of two participants in Auckland reflect their focus on price in the toilet tissue category: “Couldn’t care less where toilet paper is made. I’d made the presumption that Australian made would be better than China, but the NZ one is too expensive”; “Its only toilet paper!” So just buy cheapest. I am very concerned with buying made in NZ except for toilet paper where I don’t care”. A participant from Dunedin commented: “sorry New Zealand, I just look for the cheapest”.

6.0 Conclusions

We conclude that the existence of buy-made-in price premiums are not generalizable across categories, and cannot be generalised as supporting price premiums – quite the opposite in one case, and we find general support for the ideal-point model consistent with prototype category country referents and affective consumer evaluations. These findings support some prior studies that seriously question the wisdom of extensive financial or nationwide governmental support for made-in-our-country advertising and promotional campaigns. We urge not only individual brand managers but also retail sector representative organisations and governments to look to more studies such as this one to extend our knowledge of how generalizable buy-made-in price premiums are to categories in their national markets. In lieu of more generalizable studies in terms of category and market scope, buy-made-in equalisation price premiums likely only exist for selected markets and categories, driven in an ideal-point way by the level of congruence between the product category and the referent country prototype. In turn, buy-made-in promotions may only sensibly be considered by individual product managers rather than by government or sector representative organisations.
References


An investigation into the drivers, the processes and impacts of rebranding on stakeholder perceptions: The Australian rail re-branding phenomenon:

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Abstract
This paper considers the recent phenomenon of rebranding in the rail industry in Australia. It highlights the lack of research into currently held perceptions of rail and discusses the contemporary rail rebranding phenomenon. An overview of corporate branding and rebranding literature is undertaken. Two extant frameworks conceptualising different aspects of rebranding are explained and a six-principle schema for rebranding discussed. Drawing on these frameworks, we have created a conceptual Rail Rebranding Framework (RRF) to better understand rail rebranding decision making and processes. The guiding research aim is ‘how effective is the rebranding of Australian rail organisations?’ Our research methodology designed to understand the Australian rail rebranding context is outlined. The conclusion highlights the benefits of a deeper understanding of the drivers, processes and impacts of rebranding on stakeholder perceptions in the Australian rail domain, describes limitations and provides recommendations for future research.

Key words: branding, corporate rebranding, rail industry
Track: Brands and Brand Management

1.0 Introduction - overview of Australia rail industry
The Hilmer recommendations in 1993 and the subsequent creation of the National Competition Policy engendered intensive reforms including deregulation of the rail sector (Everett 2006). These initiatives followed by a focus on building public confidence in rail travel has evidently been successful with a revival of rail patronage seeing more workers now travelling by train than at any time since 1976 (Mees and Groenhart 2012). Projected overall industry revenue in 2012-13 forecast was $8.11 billion for passenger rail (IBISWorld 2013) and $8.9 billion for freight rail (IBISWorld 2013). Not surprisingly then Australasian Railway Association (ARA) chief executive officer Bryan Nye, states that rail in Australia is undertaking “phenomenal growth and changes representing an exciting, booming industry” (Australasian Railway Association 2012).

Despite this resurgence, the perception that stakeholders have of rail organisations is unclear and no exhaustive study has been undertaken to provide a clear perspective of this issue. However preliminary studies indicate that perceptions may be less than positive: There are concerns that some patrons may seek alternative transport due to overcrowding and delays (IBISWorld 2013); residents situated next to rail corridors are negatively impacted through rail noise and vibration (Ryan, Charles et al. 2009); prospective engineers view Australian rail as being overly bureaucratic and a poor career choice with little opportunity for career progression and Australian rail is perceived as having old infrastructure, dirty rolling stock, being slow and potentially dangerous (Wallace, Sheldon et al. 2010).

Australian railways since inception and to the present day have been primarily government rather than privately owned. Historically then symbols, monograms, words and acronyms used to identify railway operations generally signified government ownership (Longworth 2012). In the last few years ostensibly the confluence of significant rail restructuring including privatisation and negative stakeholder perceptions, have spurred some
Australian rail organisations to ‘rebrand’ including more contemporary usage of names and symbols (discussed in section 5, Research Methodology).

2.0 Theoretical framework
Corporate branding and rebranding
The term ‘rebranding’ with the prefix re signifies that an existing brand is modified / branded for the second time, often with a change of name (Muzellec and Lambkin 2007). In contemporary competitive and dynamic marketplaces, rebranding (in terms of the degree of change in the marketing aesthetics and in the brand position) has become a significant phenomenon. Rebranding decisions should therefore be underpinned by sound theory and research. However, after a comprehensive literature search, Muzellec and Lambkin (2006) conclude that most of the writing on this topic so far is journalistic in nature with almost nothing appearing in the academic journals. In particular there is no extant academic literature analysing Australian rail rebranding and therefore research into the Australian rail rebranding phenomenon is both topical and justified.

Corporate branding is defined as a systematically planned and implemented process of creating and maintaining favourable images and consequently a favourable reputation of the company as a whole by sending signals to all stakeholders by managing behaviour, communication, and symbolism (Einwiller and Will 2002). Corporate brands communicate the brand’s values, identify competitive differentiation and influence stakeholder groups perceptions (Balmer 2001). When managed properly the corporate brand represents a valuable strategic resource capable of creating a sustainable competitive advantage (Aaker 1996). The importance of research into Corporate Branding has been extolled as one of the most fascinating phenomena of the business environment in the twenty-first century (Balmer and Gray 2003). More recently Baumgarth, Merriees et al. (2013) state that “neither the perceived importance of brands nor the interest in brand management shows any sign of diminishing among practitioners or academics” (p. 976). They recommend that future brand research address: (1) the paradigm, mind-sets, approaches, and drivers; (2) leadership and management of brands; and (3) performance, measurement, and implementation (Baumgarth, Merriees et al. 2013).

In the domain of corporate rebranding there appears to be even greater scope for academic research. Annually there are significant global occurrences of ‘corporate rebranding’ (1,000–2,500 companies change their name each year). Corporate rebranding, in its many facets of brand renewal, refreshment, makeover, reinvention, renaming and repositioning, dominates marketing trade magazines. Rebranding typically consists of changing some or most of the branding elements with the objective of modifying stakeholders’ perceptions, typically with the aim of impressing external audiences (Muzellec and Lambkin 2007). Despite the high incidence of rebranding, academic literature is scarce in this domain. Few academic studies explicitly discuss corporate rebranding (Merriees and Miller 2008). Additionally (Lee 2013) states “the concept of corporate rebranding as distinct from product rebranding is relatively under-researched” (p.1126).

Corporate rebranding models
The significant global incidences of corporate rebranding suggest that rebranding decisions should be underpinned by sound theory and research. However, there are limited extant models informing corporate rebranding processes and there is no known rail rebranding framework. More specifically, no study has clearly identified the decisions that prompt Australian Rail Organisations to undertake rebranding, the processes that underpin ARI rebranding, or whether this rebranding has been successful in enhancing stakeholder perceptions. Two extant models of the corporate rebranding process are ‘Model of the Rebranding Process’ Muzellec and Lambkin (2006) as well as the ‘Corporate Branding
Based on their study of 165 organisations’ rebranding strategies, Muzellec and Lambkin (2006) developed a three component ‘model of the rebranding process’. This model identifies four corporate factors or catalysts precipitating corporate rebranding, and further identifies rebranding goals and processes as depicted in Figure 1.

Figure 1: Model of the Rebranding Process (Muzellec and Lambkin (2006))

The first key component in the model is the set of ‘rebranding factors’. These factors or catalysts precipitating corporate rebranding are grouped into four broad categories: Change in ownership structure, corporate strategy, external or competitive environmental forces. The main rebranding catalysts and particularly those precipitating a name change are significant decisions, events or processes that require a fundamental redefinition of the corporations’ identity. These events typically follow from sudden, structural changes following from a merger or acquisition or due to changing demand patterns or competitive conditions that have gradually eroded market share or the firm’s reputation. The second element in the rebranding process model identifies that ‘rebranding goals’ are typically to reflect a new identity, or to create a new image. The third element is ‘Rebranding process’, which highlights the need for corporate brands to appeal to both internal and external stakeholders Muzellec and Lambkin (2006). This model provides a useful to context to determine the rebranding drivers, goals and processes underpinning rebranding decisions in Australian rail organisations (AROs).

The second model (‘Corporate Rebranding Framework’) – show in Figure 2 - identifies three phases in corporate rebranding, which assist corporations with strategic decisions and careful planning for their corporate rebranding Daly and Moloney (2004): (1) Analysis. The situation analysis considers market size, market potential and competitor strengths and weaknesses. The second component recommends a brand audit. In order to identify changing stakeholder perceptions, it is necessary to profile brand knowledge and ascertain consumers’ perception of the brand in terms of their brand awareness and the strength, favorability, and uniqueness of their brand associations. (2) Planning. Following the audit, decisions are made in relation to maintain permanently, retain temporarily, or remove marketing aesthetics, or to create a ‘new brand’, towards ‘revolutionary’ rebranding. The multi-stakeholder orientation requiring communicating with and training employees is highlighted. The ‘rebranding marketing plan’ section highlights the importance of communicating the new brand promise aligned to traditional marketing principles such as alignment of the entire marketing mix. It also reiterates the important role that internal customers (employees) play within the rebranding communication process. (3) Evaluation. This section of Daly & Moloney’s (2006) model refers primarily to analysing the efficacy of the marketing plan. Ongoing evaluation is recommended to reorient the marketing message as well as a final holistic evaluation. Overall Daly and Moloney’s (2004) corporate rebranding framework also provides a useful tool to consider the process of corporate rebranding.

Figure 2: Corporate Rebranding Framework (Daly and Moloney 2004)
More recently, Merrilees & Miller (2008) have provided a six-principle schema for rebranding that provides further discussion on these rebranding elements: (1) a need to re-vision the brand based on consumer’s existing and anticipated needs; (2) ensure commitment of stakeholders through internal marketing or internal branding; (3) an implementation phase that leverages advertising and other marketing mix elements; (4) A company applying a high level of brand orientation through communication, training and internal marketing is more likely to have effective corporate rebranding; (5) effective corporate rebranding is more likely where all aspects of the marketing mix are integrated and coordinated and each brand element is aligned to the corporate brand concept and (6) the new, revised brand needs to be communicated to stakeholders. This schema provides additional direction that may deepen an understanding of the corporate rebranding phenomenon in Australian Rail.

3.0 Conceptual Rail Rebranding Framework (RRF)

Rail rebranding research into the drivers, the processes and impacts on stakeholder perceptions has not been previously undertaken in Australia. Accordingly, the study reported in this paper investigates the rebranding phenomenon in AROs to better inform future rebranding decisions and processes in the Australian rail industry. The overarching research aim is to determine ‘how effective is the rebranding of Australian rail organisations?’ Because the three, before-mentioned rebranding models and principles complement each other, we have drawn upon them to create a conceptual Rail Rebranding Framework (RRF). The RRF framework describes the causes or catalysts for corporations rebranding decisions, highlights the primary goals for rebranding and identifies the necessary role of both internal and external stakeholders within the rebranding process (see Figure 3). In addition to Daley and Maloney’s (2004) three rebranding phases, a fourth ‘implementation’ phase is envisaged. This is consistent with ‘Principle 3’ of Merrilees & Miller (2008) six-principle schema for rebranding. A brief overview of the RRF is as follows:

**Analyse:** As per Muzellec & Lambkin (2006), ‘the key factors or catalysts precipitating corporate rebranding’ are included in the proposed RRF: Change in external or competitive environmental forces, ownership structure or corporate strategy. In particular, it is important to identify the status of brand associations. Keller (1999) recommends that a ‘brand audit’ be conducted ascertaining whether positive associations remain, are losing strength, or whether negative associations have become associated with the brand.

**Plan:** Muzellec & Lambkin (2006) assert that rebranding strategy aims to enhance, regain, transfer and/or recreate the corporate brand equity (i.e. changing stakeholder perceptions). Depending on the rebranding intention, a corporation may wish to simply update their existing image through incremental changes to marketing aesthetics (evolutionary), create a new image or reflect a new identity through significant changes to both marketing aesthetics and (re)positioning strategies (revolutionary). Following the brand audit reinvigorated images and relevant brand associations that reflect the desired repositioning can be created. Additionally, the suitability of the intended repositioning can be considered in relation to the organisation’s vision and core values (de Chernatony 1999).
Implement: Daly and Moloney (2004) have not included an ‘implement’ stage in their ‘Corporate Rebranding Framework’, logically however this step needs to occur after the planning stage. The proposed RRF suggests following a brand audit and strategic planning process, the required changes to marketing aesthetics and repositioning are identified. The corporation can then practically alter or create the new name, logo, slogan, train livery in accordance with design principles that align the image(s) with the perception they are trying to create (this process will most likely be undertaken in partnership with specialised design consultants). These new marketing aesthetics can be applied to rolling stock and associated rail infrastructure. Additionally, the corporation needs to design communication messages and processes in a way which enhances relationships with internal and external stakeholders.

Evaluate: As the overarching aim of corporate rebranding is to change (improve) stakeholder perceptions and brand equity (Muzellec & Lambkin 2006), the last component of the proposed RRF is to measure changes to stakeholder perceptions at the end of the rebranding exercise, and on an ongoing basis. This is best achieved through regular brand audits providing “a comprehensive examination of the health of a brand in terms of its sources of brand equity from the perspective of the firm and the consumer” (Keller, 1999, p.111).
Figure 3: Rail Rebranding Framework – developed for this research

**Situation Analysis**
- Measuring changes to stakeholders perceptions
  - re: +ve or –ve brand associations
  - Brand audit, opportunities, threats

**Rebranding Factors**
- Change in competitive position e.g. outdated image
- Change in external environment, e.g. legal obligation
- Change in ownership structure, e.g. M&A
- Change in corporate strategy e.g. divestment

**Rebranding Goals**
- Update / Improve Existing Image
- Create a New Image
- Reflect a new Identity

**Evolutionary rebranding**
- **Marketing Aesthetics**
  - No or minimal changes to:
    - Name
    - Slogan
- **Corporate reBranding**
  - Minimal changes to:
    - Mission, vision, values,

**Revolutionary rebranding**
- **Marketing Aesthetics**
  - Significant changes to:
    - Name
    - Slogan
    - Livery
    - Positioning
- **Corporate reBranding**
  - Mission, vision, values redefined – internal branding - realignment of employees values,

Creating rich, multi-faceted relationships - **passionate and compassionate** traits

<table>
<thead>
<tr>
<th>External Stakeholders</th>
<th>Internal Stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consumers (Commuters)</strong> customer rewards improved customer service, innovation</td>
<td><strong>Relationship marketing</strong> CSR, cause-related marketing, ‘green’ energy</td>
</tr>
<tr>
<td><strong>Board endorsement; Management championing; Internal branding</strong>-employee: training, recognition programs, benefits;</td>
<td></td>
</tr>
</tbody>
</table>

Measuring Ongoing Changes to Stakeholders Perceptions
- re: +ve or –ve brand associations -Brand audit, opportunities, threats
4.0 Research Methodology

The rebranding phenomenon in ARO’s will be investigated through a multiple case study methodology (Yin 1994) of four rail organisations that have recently engaged in rebranding (see Figure 4 for a summary).

Figure 4: Overview – Rail Organisations Selected for Case Study

<table>
<thead>
<tr>
<th>Name</th>
<th>Ownership</th>
<th>Rail Services</th>
<th>Place Hierarchy</th>
<th>Rebranding (Evolutionary/Revolutionary)</th>
<th>Rebranding Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>V/Line</td>
<td>Victorian Government</td>
<td>Passenger</td>
<td>Regional</td>
<td>Evolutionary</td>
<td>Aug 1983 - ongoing</td>
</tr>
<tr>
<td>Aurizon</td>
<td>Privatised</td>
<td>Freight</td>
<td>State, Regional and National</td>
<td>Revolutionary</td>
<td>December 2012</td>
</tr>
<tr>
<td>Sydney Trains</td>
<td>NSW Government</td>
<td>Passenger</td>
<td>Regional – Suburban</td>
<td>Revolutionary (Brand Stimuli and Corporate Branding)</td>
<td>July 1 2013</td>
</tr>
<tr>
<td>Metro Trains Melbourne</td>
<td>Privatised (Joint Venture)</td>
<td>Passenger</td>
<td>Suburban</td>
<td>Revolutionary</td>
<td>November 2009</td>
</tr>
</tbody>
</table>

Of particular interest is the ‘revolutionary’ (dramatic) rebranding of Aurizon and Sydney Trains. In December 2012 QR National rebranded to Aurizon. These rebranding elements align to the ‘rebranding factors’ identified in RRF. Specifically for Aurizon, ‘Change in ownership structure’, and for Sydney Trains, ‘change in external environment, e.g. legal obligation’. The new brand name denotes a combination of ‘Australian’ and ‘horizon’ communicating the organisations’ intention to increase the geographical area of their operations, as well as expanding their horizons to take advantage of growth opportunities. The rebranding is significant as Aurizon holds a 44.8% market share of Australia’s rail freight industry (IBISWorld 2013). Aurizon is a particularly interesting case of corporate rebranding as the new name and new logo appear to be designed to create a significantly different image from their government legacy. From government entity to now being listed on the Australian Stock Exchange, a primary corporate strategy is ‘developing a world class core business’ with a key aim to become ‘an attractive investment to global shareholders’ to be achieved through a ‘major transformation journey’. The following statement is illuminating in terms of the corporation’s perspective of the role of rebranding in achieving these goals; “perhaps the most symbolic part of the Company’s transformation has been the new name Aurizon, which captures the Company’s aspirations and national scope of operations” (Aurizon Annual Report 2012 – 2013, p.14). The impact of these rebranding decisions are unknown and are particularly interesting given Muzellec and Lambkin (2006) assertion that changing the corporations name is a risky strategy.

Sydney Trains rebranding is also significant as it follows the ICAC investigation into RailCorp resulting in wide ranging reforms including the restructuring of RailCorp’s ‘CityRail’ and CountryLink operations in their current forms. RailCorp has a 36.9 % market share of passenger rail in Australia (IBISWorld 2013). On 1 July 2013, CityRail was split into two with the Sydney services becoming Sydney Trains and the Intercity longer distance services. Under the ‘Fixing the Trains’ initiative, the organisation is pursuing a new customer focused approach to transport, including new uniforms and customer service training for 1800 staff. Sydney Trains’ new logo is aligned to the new overarching ‘hop’ logo and branding strategy that links the multi-coloured brand to Sydney’s transport network infrastructure (rail, ferries, buses, light rail) (Budd 2013).

Semi structured interviews are the preferred interview method for this Rail Rebranding research as the direct perspective of stakeholders regarding the rebranding process is sought (Yin 2009, Saldaña 2012). Specifically, interviewees will include senior managers, front line managers and
branding specialists associated with the rebrand. Prior to interviews, corporate documents will be reviewed to add context to the field situation (Yin 2011). Each participant will be interviewed for 60-90 minutes via the use of an ‘interview guide’. Interviews will be digitally recorded and transcribed for future verification. Data analysis will commence with the establishment of ‘a priori’ (predefined) codes to assist in guiding the analysis (Waring and Wainwright 2008), following which data will be entered into Nvivo 10 for further theming, coding and analysis. In particular the drivers and processes of rail rebranding will be compared against the processes described in the 2 Corporate Rebranding frameworks, and the conceptual model for the Rail Rebranding Framework discussed in this paper.

5.0 Contributions
This paper highlighted the contemporary rail rebranding phenomenon following deregulation of the rail industry. It explained that, despite significant annual global rebranding activity, there is a dearth of academic literature and limited extant models informing the corporate rebranding processes, in particular that of Australian rail rebranding. Using three extant rebranding frameworks as a base, a more comprehensive conceptual rail rebranding framework has been created. Research into the drivers, the processes and impacts on brand equity will be undertaken through case analysis of four selected rail organisations with recent rebranding experience. The research will provide a deeper understanding of the drivers, processes and impacts of brand equity in Australian rail rebranding, providing a significant contribution to the gaps in knowledge. This will provide practical insight for rail entities considering rebranding in the future in this domain. Additionally, it will contribute to general corporate rebranding theory and may also inform the rebranding process of other organisations in a dynamic and complex paradigm including the rebranding of public and private infrastructure assets.

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Enacting brand orientation in an SME context: The role of deliberateness

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Abstract
Brand orientation is a strategic approach that has been shown to benefit organisations, though limited consideration has been given to how brand orientation is enacted in small-to-medium sized enterprises (SMEs). This study is positioned at the intersection of brand orientation and SME branding literature, with the purpose of exploring the implementation of brand orientation strategy in SMEs. A qualitative case study approach was employed to investigate what characterises SME brand orientation enactment in ten small-sized wineries. The findings of this research highlight that a deliberate approach to branding is instrumental for SMEs in enacting brand orientation. The concept of deliberateness is demonstrated in four SME branding practices: valuing the brand, brand planning, investing resources in the brand, and brand communication. This study advances the current state of knowledge of SME brand orientation and demonstrates that despite the constraints apparent in the literature, SMEs can and do deliberately enact brand orientation.

Keywords: Brand orientation; brand implementation; small business; deliberateness; wine branding.
Track: Brands and brand management

1. Introduction

Brand orientation is a strategic approach whereby the brand becomes the focus of all organisational processes (Evans, Bridson & Rentschler, 2012; Urde, 1999). The benefits of being brand orientated range from improved brand and market performance (Baumgarth, 2010; Hankinson, 2011) to overall profitability (Gromark & Melin, 2011). However, there is no agreed way of achieving brand orientation (Evans et al., 2012). Branding is typically considered the domain of large businesses (Ahonen, 2008; Berthon, Ewing & Napoli, 2008; Wong & Merrilees, 2005) and brand orientation is no exception. Having been developed largely on the branding practices of large organisations, brand orientation theory is, with the exception of Wong and Merrilees (2005), underexplored in a small-to-medium enterprise (SME) context.

SMEs are most commonly defined by number of employees², and are a significant competitive force in the modern marketplace (DIISR, 2011). SMEs are fundamentally different to large organisations (Ahonen, 2008; Inskip, 2004; Berthon et al., 2008). For instance, SMEs are generally more leader centric (Krake, 2005; Ojasalo, Satu & Olkkonen, 2008; Spence & Essoussi, 2010), have higher resource constraints (Wong & Merrilees, 2005; Ahonen, 2008) and engage in more implicit or informal planning (Abimbola & Kocak, 2007; Berthon et al., 2008; Inskip, 2004) than large organisations. It is argued that their unique characteristics make it difficult for SMEs to implement the brand practices advocated in large organisations (Abimbola & Kocak, 2007). The purpose of this research is therefore to explore

² According to the ABS, SMEs are classified by their number of employees as follows: micro sized is 0-4, small sized is 0-19 and medium sized is 20-199 employees (DIISR, 2011).
the enactment of brand orientation in an SME context by investigating what characterises SME brand orientation.

2. Literature Review

Brand orientation is an emerging concept, defined by Urde (1999) as a strategy in which the processes of an organisation revolve around a brand with the aim of achieving lasting competitive advantage. Brand orientation, as a comprehensive organisation-wide strategy, calls for a brand-focus in all aspects, from the strategic intentions of leaders (Wong & Merrilees, 2005) to daily activities. Despite the focus on process inherent in discussion of brand orientation, what is unclear in brand orientation literature is how this strategic approach is enacted in practice. Wong and Merrilees (2005) advocate an implementation focus, stating “the ideology of brand orientation needs to be transformed into action” (p. 156). This has been done with varying degrees of success.

Few studies address brand orientation as a complete process, instead breaking it into elements or antecedents such as ‘brand communication’ or ‘brand distinctiveness’ (Urde, 1999; Hankinson, 2011; Wong & Merrilees, 2005; Evans et al., 2012). While these elements may be relevant to strategising brand orientation and provide tangible activities or benchmarks for organisations, a strategy as complex as brand orientation cannot be realised through isolated elements. Urde (1999), Hankinson (2001) and Gromark and Melin (2011) are among the few authors that articulate an approach to branding within the frame of enacting brand orientation. These three studies refer to an active and deliberate approach to branding in their conceptualisations of brand orientation, though they do not focus further empirical work on this concept.

SMEs engage in branding differently to large organisations (Ahonen, 2008; Abimbola & Kocak, 2007). This suggests the need to assess whether current brand orientation theory translates into an SME context, given that it is based primarily on large organisations. At the intersection of brand orientation and SME branding theory, there exists three similarities that are expected to be relevant to SME brand orientation enactment. First, top managers are actively involved in both brand orientation and SME branding, as the primary drivers for the brand (Gromark & Melin, 2011; Urde, 1999; Hankinson, 2011; Krake, 2005; Spence & Essoussi, 2010). Second, brand communication is a key feature in multiple brand orientation studies (Ewing & Napoli, Hankinson, 2011; Urde, 1999), as an accurate, meaningful representation of brand values. Studies of SME branding also address brand communication, though they focus on whether SMEs are engaging in brand communication in any capacity (Centeno & Hart, 2012; Inskip, 2004). Finally, investing resources in branding is a relevant issue across these bodies of theory (Evans et al., 2012; Ewing & Napoli, 2005; Krake, 2005), though the notion of investment is in tension with the high resource constraints attributed to SMEs (Ahonen, 2008; Abimbola & Kocak, 2007; Ojasalo et al., 2008).

These factors of brand orientation are expected to be relevant to the enactment of brand orientation in an SME context, though to what degree or in what precise way they affect SME brand orientation enactment is unknown. While providing a foundation from which to explore SME brand orientation enactment, further research is needed to discover what is relevant to the practice of brand orientation in an SME context. Therefore the research question for this study is: what characterises the enactment of brand orientation in an SME context?

3. Methodology

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The research reported in this paper was conducted using a qualitative case study design. A qualitative approach was designed to be flexible and responsive (Seale, Gobo, Gubrium & Silverman, 2006) in exploring the enactment of SME brand orientation, rather than producing empirical generalisations (Eisenhardt, 1989). A case study design was selected for its ability to focus on the ‘real world’ context (Yin, 2012) of SMEs and convey depth, diversity and complexity (Seale et al., 2006; McGinn, 2010) in interpreting the accounts of participants. Informative and detailed material (Sarantakos, 2013) on branding was generated using multiple case studies (Yin, 2012).

Ten cases were purposefully sampled (Patton, 2002) to provide diversity in SME age, size and degree of brand orientation (from low to high). Small wineries in Orange NSW formed the sampling frame for this investigation, due to the high proportion of small businesses and high perceived need for branding in the wine industry (ANZWI, 2014; Bruwer & Johnson, 2010). In-depth interviews were used to collect everyday accounts (Blaikie, 2010) of branding from the leaders of each participating winery. Interviews were conducted according to a semi-structured schedule, to explore the processes of brand orientation enactment in the cases studied. Questions were open-ended and allowed the researcher multiple opportunities to probe responses (Patton, 2002). As part of the design process, branding terminology was carefully chosen to avoid confusing (Inskip, 2004), leading or unduly influencing (Kvale, 2007; Blaikie, 2010) participants. For instance, the term ‘brand orientation’ was purposefully excluded from interviews. Facilitating freedom in how branding activities were recounted by leaders aided in capturing the varied and dynamic nature of SME branding practices.

An abductive strategy was used to analyse interview data, to develop theory based on the accounts and meaning of participants (Blaikie, 2010; Eisenhardt, 1989) and strengthen interpretation by matching ‘reality’ with existing theory (Alvesson & Skoldberg, 2009). This abductive strategy also ensured cumulative validation (Sarantakos, 2013), as well as a clear chain of evidence through systematic analysis (Eisenhardt, 1989), to confirm the quality of this research.

Analysis occurred in three broad stages: case analysis, comparison to theory, and return and expansion from data. First, interviews were analysed within case (Yin 2012), to identify each participant’s priorities and brand-related activities. Cross case analysis was then able to be performed (Yin, 2012), to identify key themes of branding (Patton, 2002), both stated by participants and interpreted by the researcher (Alvesson & Skoldberg, 2009) as similarly important across the cases. Second, the key branding themes identified were iteratively compared to factors identified a priori from the existing literature. This allowed the themes to be transformed into technical concepts (Blaikie, 2010), adding to the legitimacy of initial findings. Third, analysis returned to the detail of case data to transform these concepts into clear branding practices in the enactment of brand orientation. Expanding on the identified concepts in this way ensured the integrity and priorities of each case were being represented (Blaikie, 2010), and generated a specific group of branding practices that were able to be considered in the enactment of SME brand orientation.

4. Findings and Discussion

The key finding of this investigation was the role of deliberateness in enacting SME brand orientation. Deliberateness in branding was observed in identified branding practices and interview accounts through the conscious decisions of participants to pursue brand-related activities for a strategic purpose. The degree of deliberateness demonstrated by each case in regards to branding varied, including multiple reports of intuitive marketing practice and low
prioritisation of branding in some processes, such as resource allocation (Cases A and G). However, deliberateness was found to be greater in cases where processes were built or consistently linked to the brand concept, thus demonstrating higher brand orientation. Furthermore, the concept of deliberateness was seen to offer an explanation for the similarities observed in the branding practices identified as important to the enactment of SME brand orientation across the wineries studied. Specifically, deliberateness in how SME leaders approached branding and thus attained a degree of brand orientation was demonstrated most clearly in four branding practices: actively valuing branding, brand planning, resource spending and brand communication, as seen in Figure 1 - a proposed conceptual framework for the enactment of brand orientation in SMEs.

![Conceptual framework for the enactment of brand orientation in an SME context](image)

**Figure 1: Conceptual framework for the enactment of brand orientation in an SME context**

First, the extent to which participants expressed a belief that incorporating the brand into business processes added significant value to the winery offering was found to be characteristic of a deliberate intent to pursue brand orientation. A number of brand-oriented participants highlighted the value they saw as originating from branding. For instance Participant J said “our brand is all we have. It’s all we have. It’s the only thing that separates us from the other competitors”. The active value participants placed on branding was attributed to the enactment of brand orientation, and the deliberateness they expressed in pursuing this perceived value was observed to be characteristic of SME brand orientation.

Second, the nature of brand planning reported by participants was indicative of deliberateness. The inclusion of active and formal planning practices was found to reflect deliberateness in approaching brand orientation. For instance, Participant F stated “[we have] a written business plan that includes branding- an understanding of where we are going”, which constitutes a deliberate and formalised planning process to ensure their business was oriented around their ‘handmade’ brand philosophy. Deliberately engaging with planning for their brand was found to be consistent with brand orientation in the cases studied. Therefore, formalised planning was dubbed another characteristic of the enactment of SME brand orientation.

Third, the deliberate prioritisation of branding in resource investment was also found to be important to the enactment of SME brand orientation. Though participants identified a range of perceived constraints in time, money, human capital and skill, some displayed a willingness to strategically use resources for a brand-related purpose. This was expressed by Participant C in saying “[I] believe it is important to spend what sometimes seems to be more money than you would like doing [branding] properly”. Investing resources in branding was found to be a deliberate choice by participants and characteristic of how SMEs can enact brand orientation.
Fourth, multiple cases demonstrated deliberateness in brand communication, particularly in making strategic choices as to the channels they utilised. For many cases, this was a matter of carefully selecting channels that were perceived to be able to represent the values of their brand concept. For example, Participant B deliberately engaged with personalised channels, including social media saying it was “very important that I can go out and just snap a photo of the vines and show people what’s it’s like.... It [the website] all sort of ties in with the label and the rural country feeling”. Deliberateness in how participants approached brand communication, rather than the logistics through which they engaged this organisational process, demonstrated deliberateness and the enactment of brand orientation.

In sum, the results of this case study investigation show that the deliberateness with which SMEs approached branding, as demonstrated through the four branding practices outlined, characterised the enactment of brand orientation in an SME context.

Deliberateness has been referred to in conceptualisations of brand orientation by some authors (e.g. Hankinson, 2001; Gromark & Melin, 2011), but not empirically examined. Indeed, deliberateness appears to be an assumption by many authors in investigating brand orientation in a large organisation context (e.g. Baumgarth, 2010; Hankinson, 2011), perhaps due to the inherent assumption of deliberateness in strategy implementation (Mintzberg & Waters, 1985).

Multiple SMEs demonstrated that they were capable of and actively enacting a brand oriented strategy, albeit to varying degrees, through the deliberate prioritisation of their brand. However, deliberateness is noticeably absent in theory on how SMEs approach branding, which is characterised as more intuitive (Abimbola & Kocak, 2007; Inskip, 2004; Krake, 2005). In contrast to existing concepts of SME branding as intuitive or intrinsic (Ojasalo et al., 2008) or altogether more limited than branding in other organisations (Ahonen, 2008; Wong & Merrilees, 2005), branding practices were identified as being deliberately and purposefully employed, albeit to varying degrees, in a number of brand oriented SMEs. Therefore it can be argued that while deliberateness is important to the enactment of brand orientation strategy in general, it is particularly important to consider in the context of SMEs, given that existing theory indicates they are not necessarily deliberate in their branding. Purposefully framing this study in an SME context using small sized wineries has shaped the value and contribution of this study. However, the settings of this study also limits the generalisability of the results (e.g. Patton, 2002; Yin, 2012), though the theory developed in this project may be transferred to other comparable settings.

5. Conclusion
This investigation shows that while brand orientation is a complex strategy, SMEs can and do enact brand orientation by deliberately approaching branding. Deliberateness in branding was observed to be greatest when the value of branding was clearly ascribed by the SME leader, when brand planning had an element of formality, when attitudes towards resource investment in the brand were positive and when communication was strategic and focused on the brand. Their deliberate engagement with these branding practices indicates that SMEs are more sophisticated in their branding than has previously been suggested. In this investigation, SMEs were observed to be capable of enacting a brand oriented approach to their business and further, may use the findings of this research as a guide in how they may realistically and deliberately enact a brand orientation strategy. Brand orientation may be enacted progressively over time, in keeping with the capabilities and resources of SMEs, and ultimately should contribute to the brand and organisational success of an SME.

References


An empirical investigation of brand extensions’ influence on parent brand image using Brand Concept Maps

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Abstract
Several studies have addressed feedback effects of brand extensions on parent brand images, as well as the role of consistency between the parent brand and its extension. Aside from positive effects that may enhance the parent brand image, marketers are especially concerned about diluting effects that may negatively influence the parent brand image. Assuming that brand images are stored in a network structure in the consumers’ mind, it is surprising that only little research has been conducted to show how positive (negative) stimuli affect the structure of a brand’s associative network. Against this background, we focus on possible feedback effects of both consistent and inconsistent brand extension information on parent brand images at the cognitive level. In doing so, we use the Brand Concept Maps approach to show how positive (i.e., consistent) and negative (i.e., inconsistent) brand extension information affects the structure of the parent brand associative network.

Keywords: Brand Concept Maps, Brand Extension, Brand Image, Feedback Effects
Track: Brands and Brand Management

1. Introduction
Brand extension, i.e., the “use of established brand names to launch new products” (Völckner & Sattler, 2006, p. 18), is a frequently employed branding strategy to achieve strategic growth. This cost saving strategy enables brand managers to build up positive brand images for new brand extensions within a short period of time, as well as to leverage the equity of well-established brands (Balachander & Ghose, 2003). Reversely, brand extensions can also have feedback effects that may enhance (as a result of positive feedback effects) or dilute (as a result of negative feedback effects) the parent brand image (e.g., Gürhan-Canli & Maheswaran, 1998; Völckner, Sattler, & Kaufmann, 2008). Although several studies have addressed feedback effects of brand extensions on parent brand images, the findings do not draw a clear picture of these effects. While Völckner et al. (2008), as well as Arslan and Altuna (2010), have shown feedback effects in this regard, other studies did not find these effects (e.g., Diamantopoulos, Smith, & Grime 2005; Lau & Phau, 2007).

Researchers primarily use semantic differential or Likert scales to measure the effects of positive (negative) stimuli on parent brand image in the brand extension context (e.g., John, Loken, & Joiner, 1998). Considering that a brand’s image can be defined as perceptions consumers have in mind about a brand as expressed by brand associations (Keller, 1993), it is surprising that only little research has been conducted to show how positive (negative) stimuli affect the structure of a brand’s associative network (e.g., Schnittka, Sattler, & Farsky, 2013). This topic has significant implications to both research and practice because the structure of brand’s associative network is a key driver of brand equity (Krishnan, 1996).

To delve deeper into feedback effects of brand extensions on parent brand images, researchers have focused on the identification of important factors that can be expected to influence feedback effects. In this regard, the perceived fit between the parent brand and its
extension has been identified as an important driver of feedback effects (e.g., Martínez & Pina, 2009). In line with Loken, Joiner, and Houston (2010, p. 16), we define fit or extension consistency as the “[…] similarity between elements of the brand extension and elements of the parent brand”. However, empirical research again shows mixed findings with respect to extension consistency on feedback effects (e.g., Zimmer & Bhat, 2004; Völckner et al., 2008).

Against this background, we focus on feedback effects of consistent (i.e., high fit between the parent brand and its extension) and inconsistent (i.e., low fit between the parent brand and its extension) brand extension information on parent brand image at the cognitive level. We use both the Brand Concept Maps (BCM) approach (John, Loken, Kim, & Monga, 2006) and the advanced-BCM approach (Schnittka, Sattler, & Zenker, 2012) to show how (in)consistent brand extension information affects the structure of parent brand’s associative network. In particular, we focus on the favorability, strength, and uniqueness of brand associations as dimensions of brand image and key drivers of brand equity (Keller, 1993; Krishnan, 1996).

2. Research Hypotheses

New brand extensions evoke another set of brand associations that can either be consistent or inconsistent with the parent brand image. Whereas consistent brand extensions evoke similar brand associations compared with those of the parent brand, inconsistent brand extensions are expected to elicit brand associations dissimilar from those of the parent brand. The information consumers receive about a new brand extension may influence both the parent brand and the brand extension itself (Loken & John, 1993; Kim, Lavack, & Smith, 2001; Zimmer & Bhat, 2004). Accordingly, Martínez and Pina (2009) point out that a new brand extension may affect the existing brand associations and, furthermore, may have an either positive or negative effect on parent brand image. Although most brand associations will remain stable, the brand schema and, therewith, the brand’s associative network may change its structure because of brand extension information (Morrin, 1999; Martínez & Pina, 2010).

Human associative memory (e.g., Anderson & Bower, 1973) indicates that human memory is represented as a network of interconnected information nodes. According to spreading activation theory (e.g., Anderson, 1983a), the activation of an information node spreads along the underlying network structure to other information nodes. Thinking about a brand extension may activate the link with the parent brand node through spreading activation. Therefore, consumers’ evaluation of the brand extension may be transferred to the parent brand.

Research has shown that consistent brand extensions are evaluated less negative compared to inconsistent brand extensions (and vice versa) (e.g., Aaker & Keller, 1990). This change in brand attitude may be transferred between the brand extension and the parent brand (Kim et al., 2001). Thus, consistent (inconsistent) brand extension information is expected to have a positive (negative) effect on the favorability of the parent brand image. We therefore hypothesize the following:

H1a. Consistent brand extension information has a positive effect on the favorability of parent brand image dimensions.

H1b. Inconsistent brand extension information has a negative effect on the favorability of parent brand image dimensions.

With the assumption that consistent (inconsistent) brand extensions evoke sets of brand associations that are similar (dissimilar) to those of the parent brand image, a stronger
(weaker) activation of brand information nodes, as well as a higher (lower) degree of accessibility, can be observed (Anderson, 2010). Keller (2012) indicates that activation spreading between information nodes is more likely to occur if a high strength of linkage exists between these nodes. While consistent brand extensions increase activation frequency and the strength of brand nodes (Bettman, 1979; Martínez & Pina, 2010), inconsistent brand extensions show a weaker strength of linkage. These assumptions coincide with the findings that brand associations vary in terms of their connection strength to the brand or other brand associations (John et al., 2006). Thus, we hypothesize:

**H2a.** Consistent brand extension information has a positive effect on the strength of parent brand image dimensions.

**H2b.** Inconsistent brand extension information has a negative effect on the strength of parent brand image dimensions.

The spread of activation between information nodes can be described as a chain reaction (Anderson, 1983b). We therefore expect consistent (inconsistent) brand extension information to lengthen (shorten) this chain which leads to a higher (lower) number of brand associations. We further assume that, based on the hypothesis that consistent (inconsistent) brand extension information has a positive (negative) effect on the favorability of brand image dimensions, these pieces of information also have a positive (negative) effect on the number of associations (Krishnan, 1996; John et al., 2006). This leads us to the final pair of hypotheses:

**H3a.** Consistent brand extension information has a positive effect on the uniqueness of parent brand image dimensions.

**H3b.** Inconsistent brand extension information has a negative effect on the uniqueness of parent brand image dimensions.

3. **Empirical Study**

3.1 **Research design**

To test the above hypotheses, we conducted an empirical study in an online setting by using a student sample. We selected the well-known brand McDonald’s as the parent brand because young adults are the key customers with a high degree of brand familiarity. A pre-test with 42 highly familiar respondents (M\text{familiarity} = 5.63, SD = .77) was conducted to identify the predetermined brand associations for McDonald’s. The top 20 brand associations and 5 additional brand associations, which were added according to previous studies that investigated McDonald’s brand image (e.g., French & Smith, 2013), were included in the main study. Respondents in the pre-test sample also identified hypothetical brand extensions that are consistent (“party service”) or inconsistent (“bank”) with McDonald’s.

Three hundred fifty-six students (average age: 22.62 years, 50.0% female) participated in the main study. The respondents were randomly assigned to one out of three conditions in the selected between-subject design: the control condition with no brand extension information (N = 152), the consistent brand extension information condition (N = 98), and the inconsistent brand extension information condition (N = 106). A fictitious press release that contains information about an upcoming brand extension of McDonald’s was presented to each respondent in the two experimental groups. In the consistent brand extension information condition, the respondents were informed that McDonald’s was going to start a party service, whereas in the inconsistent brand extension information condition, the respondents were informed that McDonald’s was going to open a bank.

The BCM procedure in the main study was implemented as described by John et al. (2006) with the exception that, based on the findings by Meißner, Kottemann, & Decker (2012), we
decided in favor of a computer-based mapping procedure. We further added the evaluation stage as proposed by Schnittka et al. (2012) to capture the favorability, strength, and uniqueness of brand image dimensions. To examine hypotheses $H_{1a}$ and $H_{1b}$, we compared the net valence of favorability, the net valence of importance, the number of (un)favorable brand associations, and the number of (un)important brand associations (Krishnan, 1996; French & Smith, 2010). Hypotheses $H_{2a}$ and $H_{2b}$ were checked by comparison of variables that reflect the strength of brand’s associative network, i.e. the number of connections used in the brand association network, the mean connection strength, and the density of the brand’s associative network (Schnittka et al., 2012; French & Smith, 2013). The examination of $H_{3a}$ and $H_{3b}$ was based on (a) variables that can be expected to affect all associations and (b) variables that can be expected to affect specific brand associations (Krishnan, 1996; Schnittka et al., 2012). To be precise, we looked at the number of brand associations, the number of free associations, the frequency of mentioning specific brand associations, and the frequency of using brand associations as first-order associations.

We measured respondents’ familiarity with the brand (Kent & Allen, 1994), attitude toward the brand (Osgood, Suci, & Tannenbaum, 1957), involvement with the brand (Mittal, 1995), willingness to visit a McDonald’s restaurant (Dodds, Monroe, & Grewal, 1991) and brand extension fit (Völckner et al., 2008) on 7-point multi-item scales, with higher scores indicating a more favorable rating. All multi-item measures achieved good levels of reliability with respect to Cronbach’s alpha (each $\alpha > .80$).

### 3.2 Results

Before testing our research hypotheses, we considered the structural equality of the three experimental conditions. Therefore, analyses of variances (ANOVA) were conducted using individual characteristics of the respondents. We did not find significant differences across the three conditions in terms of age ($F = .126, p = .882$), brand familiarity ($F = .150, p = .861$), brand involvement ($F = .117, p = .890$), and attitude toward the brand ($F = .324, p = .723$). As intended, the respondents evaluated the fit of the inconsistent brand extension significantly lower ($M_{\text{Fit bank}} = 1.62, SD = .936$) than the consistent brand extension ($M_{\text{Fit party service}} = 3.97, SD = 1.573, p < .01$).

As proposed by John et al. (2006), the split-half approach was used to assess the reliability of consumers’ maps with respect to the presence of brand associations, first-order associations, and specific brand association links. Overall, we achieved acceptable levels of phi coefficients (each $\Phi > .45$) across all conditions. With regard to content validity, we compared our consensus maps for the three conditions with the consensus maps presented by French and Smith (2013). We found a high degree of similarity with respect to brand associations, first-order brand associations, and the overall brand associative network structure. Furthermore, we found high levels of convergent validity with respect to brand associations, the number of first-order associations, and the number of connections (each $p > .05$) [sic!].

In the next step, we conducted analyses of variances and chi-square tests to determine the differences across the three conditions. Contrary to our expectations, neither the consistent nor the inconsistent information condition affected the consumers’ evaluation of specific brand associations concerning McDonald’s. In particular, we did not find significant differences with respect to the net valence of favorability ($F = .973, p = .379$), the net valence of importance ($F = 1.174, p = .310$), as well as the number of favorable ($F = .790, p = .455$), and the number of important brand associations ($F = .094, p = .910$). The number of unfavorable brand associations ($F = .679, p = .508$) and the number of unimportant brand
associations (F = .785, p = .457) did not show differences across the three test groups either. Therefore, hypotheses H1a and H1b have to be rejected.

Furthermore, regarding the strength of brand’s associative network, our findings do not support H2a and H2b. The number of connections (F = .630, p = .533), the mean connection strength (F = 1.231, p = .293), and the density of the brand association network (F = .140, p = .869) did not prove to be significantly different. Accordingly, we can assume neither a positive nor a negative effect of consistent or inconsistent brand extension information on the strength of parent brand image dimensions.

In line with the above results, the number of brand associations (F = .321, p = .725), the number of free associations (F = .066, p = .937), the frequency of using brand associations (e.g., “fast food”: \( \chi^2 = .844, p = .656 \)), and the frequency of using brand associations as first-order associations (e.g., “tasty”: \( \chi^2 = 1.871, p = .392 \)) do not show significant differences across the conditions either. Therefore, H3a and H3b are also rejected. In conclusion, neither the consistent nor the inconsistent information condition has an effect on the uniqueness of the association network in terms of the tested variables.

4. Discussion

To the best of our knowledge, this study is the first to use the BCM approach to measure consumers’ brand image and possible changes within the associative network structure due to consistent or inconsistent brand extension information. The use of this approach facilitated to delve deeper into consumers’ mind, shedding light on different brand image dimensions, i.e., the favorability, strength, and uniqueness of brand associations.

Basing on previous research, we formulated our research hypotheses but did find neither positive nor negative effects. Our findings suggest that neither consistent nor inconsistent information regarding McDonald’s brand extension has an effect on consumers’ brand associative network structure. We did not find feedback effects on parent brand image, so our findings are in line with other results in the field of brand extension and image feedback effects (see, e.g., Diamantopoulos et al., 2005; Lau & Phau, 2007).

Real-world examples emphasize the meaningfulness of our findings. The brand Yamaha shows that some brands are more elastic in the present sense than others (Monga & John, 2010). For this reason, some brands can successfully launch new products that can be assumed to be perceived as inconsistent. The success of brands such as Yamaha, with its portfolio of products ranging from pianos to motorcycles, proves the decision makers right.

One reason for the lack of diluting feedback effects may be the strength of the parent brand image that can seemingly resist inconsistent brand extension information. In particular, a high degree of brand familiarity and brand trust moderates the process of strengthening brand associations regarding the parent brand. Therefore, our findings underline the importance of strong brands. Building and maintaining strong brands does not only contribute to brand leverage and boosting sales but also protects companies from negative influences (that may be caused by brand extensions) (Loken & John, 2010).

Future research should focus on different respondents as well as the parent brand images of less strong brands to create meaningful insights into the feedback effects of brand extensions. In this respect, we consider our study a first step toward a better understanding of feedback
effects, and we believe that the BCM approach can provide a useful starting point for future research directions.

References


The effects of branding resources on brand performance in SMEs: Are there any? Are they linear or nonlinear?

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Abstract
This study examines the effects of branding resources – namely (1) time, (2) money and (3) information – on brand performance. The authors also investigate whether these effects are linear or non-linear (quadratic or cubic). These questions are of particular interest to small and medium-sized enterprises (SMEs) that often operate under strict resource constraints. This study helps firms in making better-informed decisions about where and to what extent they should allocate their resources. An empirical data from 256 Finnish SMEs is collected and analyzed using regression analysis. The research findings show that monetary and information resources both have a positive linear effect on performance; no curvilinear effects (i.e. “sweet spots”) were identified. Time resources in turn have neither a linear nor non-linear effect on brand performance. The study concludes that added monetary investments and information assets pay off in building brand success.

Keywords: Branding resources, brand performance, linear effect, non-linear effect

Track: Brands and Brand Management

1.0 Introduction
Researchers argue that brands should be given a central part in small and medium-sized enterprises’ (SMEs) strategic planning; however, most often branding issues are considered by SMEs as being far from a top priority (e.g., Krake, 2005; Ojasalo et al., 2008). A common belief among small firms is that branding is big business territory (Merrilees, 2007). On the other hand, SMEs alike are regarded as brand advocates (Wong and Merrilees, 2005). Krake (2005), for instance, argues that brand building benefits SMEs, even though short-term sales seemingly take an equally important role in many SMEs. It has been argued that branding should be regarded as a long-term process rather than a project (Gromark and Melin, 2011), implying that successful brand development necessitates resources and faith in the branding concept (Wong and Merrilees, 2008). Complicating this task, SMEs usually face substantial resource limitations (Gaur et al., 2011) in regards available information, time, and finance (Gilmore et al., 2001). Therefore, many small business owner-managers tend to adopt a survival mentality (Berthon et al., 2008). However, it is unknown whether more resources is always better or if there are so-called “sweet spots” after which investments in branding do not anymore pay off and are thus redundant. The role branding resources play in building brand success in SMEs has received scarce research attention in prior literature. This study addresses this shortcoming by empirically examining how three branding resources, namely time, money, and information, contribute to brand performance in SMEs. In addition, the present study offers some preliminary insights into whether the effects are linear or non-linear. The findings serve as a basis for future research endeavours and provide practitioners tentative guidelines regarding how their investments in branding affect the success of their brands.

2.0 Branding resources and brand performance

2.1 Time resources.
Abimbola (2001) stresses that careful planning with cohesive understanding and organizational commitment facilitates brand building practices. Time is needed in order to ensure the effectiveness of branding decisions; that is, in order to make decisions that support rather than harm the brand, firms need a sufficient amount of time to consider different alternatives and analyze which of them are the best in terms of their potential performance benefits. Owner-managers are the decision makers in SMEs (e.g., Ojasalo et al., 2008); however, they are often pressured by time limits or are not even fully conscious of brand management practices (Krake, 2005). However, branding requires long-term orientation (e.g., Krake, 2005; Urde, 1999). Therefore, time resources become vital in developing strong brands.

*Brand performance* refers to the success of a brand in the markets and is often measured through brand awareness, brand image, reputation and customer and brand loyalty (Wong and Merrilees 2008). Thus, the particular objective is to measure brand's strategic achievements (Wong and Merrilees, 2008). Brand performance is related to the concept of customer-based brand equity (e.g., Aaker, 1996; Keller, 1993). For example, Aaker (1996) conceptualises customer-based brand equity in terms of loyalty, perceived quality, associations, and brand awareness. Moreover, the term brand strength is synonymous with customer-based brand equity and brand performance (Lassar et al., 1995; Wood, 2000). Brands are multifaceted entities and therefore should be measured through several dimensions. Variety of evaluation approaches augments the chances to gain a more profound picture of brand performance (Wong and Merrilees, 2005). Based on the above discussion, it can be argued that available time affects positively brand development. Hence:

**H1: Time resources have a positive effect on brand performance**

2.2 Monetary resources.

Monetary resources are usually a major issue among SMEs as their access to financing is limited compared to large firms (e.g., Berthon et al., 2008; Gilmore et al., 2001). Lack of financing hinders SMEs' strategic planning (Abimbola, 2001), given the fact that monetary power is one of the key determinants of competitiveness (Abimbola & Vallaster, 2007). Krake (2005) notices that significant budget for branding is advantageous since it allows visibility through advertisement in television and magazines. Berthon et al. (2008) further suggest that large budgets assist in information collection, which in turn supports branding activities. Therefore, business prospects have a greater success potential if firms decide to invest more money in branding:

**H2: Monetary resources have a positive effect on brand performance**

2.3 Information resources.

Lybaert (1998) notices that searching, analyzing, and handling information is rewarding, because they pave the way for rational arguments and discussions to support strategic decisions. According to Gilmore et al. (2001), owner-managers rely on networks in gathering information. The networks can include both personal and business relationships. Particularly the business contacts provide reliable information. Consequently, operations become more strategic and decision making more accurate (Gilmore et al., 2001). Keller (2000) suggests that relevant information assists in decision making and facilitates branding efforts. In addition to staying consistent over time, strong brands are meaningful to their customers and offer them desired benefits (Keller, 2000). Therefore, firms should observe the customer aspect while building their brands. Reijonen and Laukkanen (2010) suggest that customer relationship oriented marketing together with customer information collection is essential. SMEs collect customer information in order to guide their business operations, at the same time observing the aspect of profitability. According to Hulbert (2013), the owner-managers are generally eager to gather market information. They seek new opportunities for their firms.
and try to capitalize their potential fully. It is argued that available customer information facilitates brand building process and leads to higher brand performance:

**H3: Information resources have a positive effect on brand performance**

### 2.4 Linearity vs. non-linearity.

Information may play meaningful role in decision making. Fast decision-making is recommendable whilst delay does not provide valuable information. Decision-making may hasten because proper research is time-consuming with petite value. Moreover, intuition with experience may be used in decision making since the available information is scarce. Information-processing technologies shape the business environments rapidly, therefore, maintaining competitive advantage through knowledge is challenging. Firms' decision-making may have to adjust with the progress (Baum and Wally 2003). The effects may at the end turn in non-linear as well. Resources offer benefits only to a certain degree. After the marginal utility is fulfilled, the advantages of abundant resources may begin to decline.

**RQ1. Are the effects of branding resources linear or non-linear?**

### 3.0 Data collection and sample

An online questionnaire was used to collect the research data. The questionnaire was directed to 2588 SMEs operating in the region of Northern Karelia, Eastern Finland. Altogether 256 effective responses were obtained, giving a response rate of slightly over 10 percent. The data consists of firms from both service (71%) and production industries (29%) and from both business-to-consumer (47%) and business-to-business (53%) sectors. In the questionnaire, each branding resource was measured with a single item asking the respondents to indicate if they consider themselves as having sufficient resources for branding in terms of (1) time, (2) money and (3) information (e.g. we have enough money available for branding). With regard to brand performance, the four-item scale from Wong and Merrilees (2008) was adopted. All the items were measured with a seven-point Likert scale with 1=totally disagree and 7=totally agree. With regard to non-response bias, independent samples t-test was conducted to find out whether the early respondents (the first quarter of the respondents based on the response order) and the late respondents (the fourth quarter of the respondents) differ from each other (Armstrong and Overton, 1977). The analysis shows that there are statistically significant differences between the two groups only in one variable, namely that of monetary resources (p=0.019). While this finding needs to be taken into account, it is considered as acceptable to continue with the analysis without taking any further action.

### 4.0 Data analysis and results

#### 4.1 Measure validation

Two steps were taken as a part of measure validation. First, the four-item brand performance scale was validated using confirmatory factor analysis (CFA). The results show a good model fit: $\chi^2$(d.f.)=8.00 (p=0.02), TLI=0.97, CFI=0.99. The average variance extracted (AVE) value of 0.68 supports convergent validity of the brand performance construct (Fornell and Larcker, 1981). In addition, construct reliability of 0.89 similarly indicates that the construct is internally consistent. The standardized factor loadings also exceed the recommended threshold of 0.70 (Hair et al. 2010). The four brand performance measure items were subsequently summed to form an aggregate variable to be used as the dependent variable in the regression analysis. Second, the three single item measures of branding resources were used as independent variables in the model. In order to ensure that the data is free from multicollinearity, bivariate correlations were checked (Table 1) and variance inflation factors (VIF) calculated. As can be seen from Table 1, no exceptionally high correlations between
independent variables are present (0.460-0.525). Furthermore, all the VIF values are less than 2.00 (highest being 1.380), indicating that multicollinearity is not a problem in this study.

**Table 1.** Correlations between variables included in the data analysis

<table>
<thead>
<tr>
<th></th>
<th>Time</th>
<th>Money</th>
<th>Information</th>
<th>Brand performance</th>
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<tbody>
<tr>
<td>Time</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Money</td>
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</tr>
<tr>
<td>Information</td>
<td>0.460***</td>
<td>0.525***</td>
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<td>0.224***</td>
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**Note:** ***p<0.001

4.2 Branding resources and brand performance (H1-H3)

Table 2 summarizes the results of regression analysis examining the effects of the three branding resources on brand performance. Regarding hypotheses H1-H3, the effects were assumed to be linear. The results show that the R square value is moderate. As for the regression coefficients, the results indicate that both monetary resources and information resources have a positive effect on brand performance, supporting H2 and H3. However, interestingly, H1 does not gain support from the results as it is found that time resources do not have a significant effect (p>0.05) effect on brand performance.

**Table 2.** Research results (H1–H3)

<table>
<thead>
<tr>
<th></th>
<th>R²</th>
<th>ΔR²</th>
<th>ΔF</th>
<th>Sig (ΔF)</th>
<th>B (Std.Error)</th>
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<td>(Constant)</td>
<td>0.296</td>
<td>0.296</td>
<td>35.29</td>
<td>&lt;0.001</td>
<td>3.191 (0.201)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Time resources</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Monetary resources</td>
<td>0.089 (0.050)</td>
<td>-0.115</td>
<td>1.178ns.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information resources</td>
<td>0.282 (0.052)</td>
<td>0.364</td>
<td>5.448***</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.250 (0.050)</td>
<td>0.323</td>
<td>5.024***</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** Dependent variable= Brand performance; ***p<0.001, ns. p>0.05

4.3 Linearity vs. nonlinearity of effects

Another regression analysis was conducted to study the type of effect branding resources have on brand performance. A multiple regression analysis was conducted in which the linear effect model was used as a baseline model against which the subsequent quadratic and cubic models were compared to. Thus, first the quadratic effects were included in the regression model, while retaining the linear terms, and second, cubic terms were included in the model in addition to the linear and quadratic terms added at earlier stages (Table 3). If including the non-linear term (e.g. X²) in the regression equation yields a statistically significant improvement in the R² value (derived from the ΔF value) then non-linearity is supported. That is, adding the non-linear term in the regression model improves its predictive power so that it now explains a greater share of the variance in the dependent variable. Noteworthy, even though statistical packages report the significance of individual regression coefficients, it is argued that the correct procedure is to focus on whether the change in R² value is significant (Hair et al. 2010). To this end, we focus on the change in R² values.

**Table 3.** Regression equations

<table>
<thead>
<tr>
<th>Model</th>
<th>Regression equation</th>
<th>Effect type</th>
</tr>
</thead>
<tbody>
<tr>
<td>1)</td>
<td>Y = b₀ + b₁X₁ + b₂X₂ + b₃X₃</td>
<td>b₁, b₂, b₃ = linear effect</td>
</tr>
<tr>
<td>2)</td>
<td>Y = b₀ + b₁X₁ + b₂X₂ + b₃X₃ + b₄X₁² + b₅X₂² + b₆X³²</td>
<td>b₄, b₅, b₆ = quadratic effect</td>
</tr>
<tr>
<td>3)</td>
<td>Y = b₀ + b₁X₁ + b₂X₂ + b₃X₃ + b₄X₁² + b₅X₂² + b₆X³² + b₇X⁴³</td>
<td>b₇, b₈, b₉ = cubic effect</td>
</tr>
</tbody>
</table>
\[ b_2 X_2^3 + b_3 X_3^3 \]

Note: \( Y = \) Dependent variable, \( b_0 = \) Intercept

### Table 4. Research results (RQ1)

<table>
<thead>
<tr>
<th>Effect Type</th>
<th>( R^2 )</th>
<th>( \Delta R^2 )</th>
<th>( \Delta F )</th>
<th>Sig (( \Delta F ))</th>
</tr>
</thead>
<tbody>
<tr>
<td>Linear effects</td>
<td>0.296</td>
<td>0.296</td>
<td>35.29</td>
<td>&lt;0.001</td>
</tr>
<tr>
<td>Quadratic effects</td>
<td>0.300</td>
<td>0.004</td>
<td>0.45</td>
<td>ns.</td>
</tr>
<tr>
<td>Cubic effects</td>
<td>0.310</td>
<td>0.010</td>
<td>1.22</td>
<td>ns.</td>
</tr>
</tbody>
</table>

Note: Dependent variable= Brand performance; \( \Delta R^2 \) and \( \Delta F \) values refer to change compared to a totally 'empty' model with no parameters included.

The results show that the effects of branding resources on brand performance are linear (Table 4). That is, adding the nonlinear terms in the regression model yields a nonsignificant improvement in the predictive capacity of the model. Hence, the simplest of the models will be chosen; that is, the linear effect model.

### 5.0 Conclusions and discussion

The objective of this study was first to examine the effects of branding resources on brand performance and, secondly, whether the effects are linear or non-linear. These questions were addressed from the perspective of SMEs. A lot has been written about brands, but not much of this discussion has been about branding and brand performance in SMEs (e.g., Wong and Merrilees, 2005), particularly when branding resources are concerned. Available resources are however vital in brand development (Keller, 2000) and hold potential to facilitate growth and economical benefits in a long run.

We found that the effect of monetary resources on brand performance is linear. In regards to the effect of information resources on brand performance, linear effect is found as well, whereas time resources neither had a linear nor non-linear effect on performance. The results clearly indicate that firms have a justified reason to focus on enhancing their resource base. An efficient resource management clearly improves brand performance. It can be speculated that enhanced brand performance eventually positively affects monetary resources of a firm. Therefore, SMEs have a justified reason to treat brands as strategic assets and pay attention to brand building activities. The results suggest that every dollar spent on branding pay off in terms of improved brand performance. Investments in branding and pursuing an efficient level of brand performance is thus recommended. The existing work also support the view of Wong and Merrilees (2008) that lack of resources influence negatively on brand performance and, eventually on firm performance. In addition, several studies support the notion that brand building is beneficial for SMEs despite of the resource limitations (e.g., Abimbola, 2001; Krake, 2005, Ojasalo et al., 2008; Wong and Merrilees, 2005). We also argue that resource scarce SMEs, despite of the limitations, should invest in branding to elevate their firm performance in long run. This paper argued that branding is relevant to SMEs. Properly employed branding resources enhance small firm brand performance, ultimately the investment outcomes may turn rewarding.

In this study, we used single item-measures to measure each of the resources. However, as for future research, the use of multiple-item constructs is suggested in order to gain more detailed insights into the performance benefits of branding resources. The results of this study need to be considered as preliminary and further confirmed with other SME settings.
References


I Divorce you Marmite! The Effect of Supply Disruption on Consumer-Brand Relationships

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Abstract

Consumers’ relationship with brands can be characterized in ways that resemble personal relationships. This relationship can weaken due to consumer and brand transgressions, including service failures. Using a multi-method qualitative approach, the paper explores the effect of a disruption in supply on consumer-brand relationship for Marmite. A content analysis of Marmite’s NZ Facebook page was conducted to understand consumers’ emotional relationship with the brand. Semi-structured interviews with ex-marmite users revealed that the brand relationship generally progressed through four stages during the disruption in supply: breakdown, decline, disengagement and dissolution. These stages reflect a brand divorce that results from: (a) weakened brand personality traits; (b) separation distress; (c) incongruent brand/self-identity and (d) lack of emotional attachment. Implications for management of a supply disruption and brand management are suggested.

Keywords: brand relationships, supply chain, brand divorce, brand personality, Marmite

Track: Brands and Brand Management

1. Introduction

Consumer-brand relationships can share similar characteristics to personal relationships (Fournier, 1998) and it is not uncommon for consumers to develop strong bonds with brands (Thomson et al., 2005). This bond has been described as brand attachment (Thomson et al., 2005; Park et al., 2010) or brand love (Caroll & Ahuvia, 2006). At the heart of these concepts is a strong emotional connection to the brand. Service failures are often mentioned as the primary reason for the weakening of the consumer-brand relationship (Aaker et al., 2004). Research has shown that consumers with the strongest relationships with a company can respond the most unfavourably in service failures due to the provider either failing to right a wrongdoing or not holding its end of the relational bargain (Gregoire & Fisher, 2008). In this study the effect of a disruption in supply and its associated consequences on consumer-brand relationships is examined.

Existing research on consumer-brand relationships has mainly examined the influence of positive drivers. Many studies have also examined the reasons why consumer-brand relationship weakens over time. Likewise, the consumer-brand relationship can also weaken due to changes in perceptions of the brand itself such as negative brand experience (Aaker et al., 2004), negative symbolic brand meanings, and incongruent self-brand image (Fournier, 1998; Kressman et al., 2006). These studies focus on the factors as opposed to the process that underlies the weakening of the consumer-brand relationship. Trump (2014) notes that limited studies exist on how consumers respond when personally let down by a loved brand. Research on brand transgressions is inconclusive given that they can both buffer or magnify consumer responses (Aaker et al., 2004). While the consequences of disruption in supply on other firms and supply chain partners have been extensively studied in the operations management
literature (e.g. Ellis et al., 2010), the impact on consumer-brand relationship has been rarely examined in the marketing literature.
The purpose of this study is to explore the process that underlies consumers’ weakened brand relationship with Marmite due to the negative impacts of supply disruption and its associated consequences. Marmite is an iconic New Zealand brand with a large devoted community of users. In November 2011, the discovery of earthquake damage at their Christchurch factory led to a production shut down and inventory stock ran out. A shortage period of 12 months ensued with Sanitarium, the holding company, engaging in numerous campaigns, giveaways, promotional activities and advertisements to maintain consumer loyalty. The shortage sent Marmite consumers into panic, dubbed ‘Marmageddon’ by the media and the beloved spread transformed into ‘black gold’ for many users. The value of this ‘black gold’ was truly tested on TradeMe where auctions of Marmite jars fetched more than ten times their original price, with the highest bid reaching $800 for a jar (Studholme, 2012).

2. Conceptual background
2.1 The Affective Side of Consumer-Brand Relationships
Consumers tend to form special relationships with brands they encounter and several frameworks have been proposed to understand consumer-brand relationships (e.g. Chang & Chieng, 2006; Fournier, 1998). The most popular framework remains the Brand Relationship Quality (BRQ) framework by Fournier (1994, 1998), which suggests that BRQ encompasses six dimensions including: love/passion, self-connection, commitment, inter-dependence, intimacy and brand partner quality (Fournier, 1998). BRQ for a consumer is determined by individual experience, shared experience, brand personality, brand image, brand associations, and brand attitude (Chang & Chieng, 2006). However, there is no consensus on the factors that have the strongest impacts on perceptions of BRQ for consumers. Also, when consumers develop low emotional connection to brands overtime, the relationship can be terminated or ‘divorce’ (Sussan et al., 2012). We selected three emotionally driven factors of relationship quality (brand personality, brand identity, brand attachment) to explore the process of divorce with Marmite resulting from the disruption in supply.

2.2 Drivers of Brand Divorce
“Brand divorce is the act of dissolving the marriage to a brand” (Sussan et al., 2012, p.521). Reasons for consumer brand divorce include extrinsic reasons where consumers terminate their relationship with a brand due to brand transgressions (e.g., negative publicity) (Lisjak et al., 2012) that contribute to consumer dissatisfaction (Aaker, Fournier & Brasel, 2004). Often, the brand personality collapses or the symbolism upon which the brand is built on fades over time (Sussan et al., 2012). Brand divorce may also be due to intrinsic reasons such as when consumers may be lured by and switch to a competing brand due to a relatively more attractive product/service offering leading to the consumer terminating the relationship (Mazursky et al., 1987). Relatedly, the consumer can also unintentionally divorce a brand because of self-transformation which eliminates the need for brand attachment (Sussan et al., 2012). While a person-brand relationship building requires bilateral commitment and trust, dissolution is more easily initiated unilaterally (Dwyer et al., 1987). The marketing literature remains thin on the brand divorce process while extensive literature exists on the phases of personal divorce which generally involves stages such as disillusionment, detachment, mourning, separation and acceptance (Salts, 1979).

3. Method
A multi-method qualitative approach was used to understand the specific context and process of brand divorce. The first stage, a content analysis of consumers’ posts on Marmite’s NZ Facebook page, was aimed at understanding how the context of disruption in supply and its
consequences impacted on consumers’ perceptions of brand personality, identity and attachment. The second stage involved in-depth interviews with six ex-users of Marmite to understand the process of brand divorce. Between November 2011 (when the announcement that production was suspended) and October 2013 (when this study commenced), there were 29,973 comments to 39 Marmite posts. An analysis of over 5000 comments spread over the 12 months of the shortage period was conducted. The comments were categorized into (1) brand personality, (2) brand identity, and (3) emotional attachment. Further, a temporal perspective was used to understand how general feelings about and connections to the brand evolved over the disruption period. The in-depth semi-structured interviews focused on understanding the process that led to brand divorce and the coping mechanisms adopted over the disruption period. The interviews used two techniques to identify the process: ZMET and brand personification. A convenient sampling method was used to recruit participants. The main criteria for inclusion was that they ‘loved’ marmite, experienced the ‘Marmageddon’ and divorced the brand. The participants were aged between 18 to 45 years old.

4. Findings

4.1 Temporal Perspective of the Brand Divorce
Overall the findings indicate that the supply disruption affected the brand personality the most with traits such as sincerity and competence being repeatedly questioned by consumers. In general, the brand personality, identity, and consumers’ attachment changed over the duration of the disruption from an initial ‘shock’ to gradual loss of trust and commitment to the brand, eventuating in consumers becoming less committed, hence, less loyal over-time. As the shortage progressed anger and frustration toward the brand and the parent company ensued. For example BB responded to an earlier post on the organisational status of Sanitarium NZ, “Sanitarium is a joke of a company, milking a tax exempt status no doubt, so Marmite is not a true priority to them” (10/9/13, 6.41pm). The company became increasingly scrutinized online by consumers and the general public, arguing that the corporation should pay income taxes like others and not abuse its ‘charity’ status: “If it looks like a duck and quacks like a duck, it probably is a duck. When are you going to admit that you’re not a charity... start paying corporation tax? How much are you robbing from the average New Zealander by avoiding tax by this ruse?” (PT, 20/10/12, 9.43pm).

4.2 Weakened Brand Personality
The quotes above also suggest a loss in sincerity of the brand from consumers’ perspectives. Yet, this was not the only brand personality trait that was affected by the disruption in supply. As seen in online comments, Marmite’s personality was no longer competent. Aaker (1997) suggests that a brand is competent when it is reliable, responsible, dependable and efficient. Consumers could no longer rely on Marmite: “It has been 5 months since I was able to have toast for breakfast as the only thing I eat on my toast is Marmite” (LW, 10/12/12, 9.50 pm).

4.3 Loss in Brand Identity
The weakened brand personality impacted negatively on brand loyalty and brand identity for some consumers. During the disruption, Marmite attempted to reinforce their New Zealand identity by launching a new campaign featuring former All Blacks Coach Sir Graham Henry, as the spokesperson for Marmite’s values. The symbolic image they tried to portray, as
expressed on Marmite’s Facebook page, was “another Kiwi icon, someone Kiwis have also come to know, trust and love, to reassure all our fans that Marmite will be back” (Marmite, 30/3/12).

The use of Henry, however, was not well-received by many consumers, given that some consumers perceived little brand fit between the celebrity endorser and the brand values. Negative comments confirmed the damaged done to its brand identity: “If there was a HATE button, I’d be pushing it!!!” (ZMB, 3/4/12, 9.43am); “What a joke Mr. Henry!!! Just stick to rugby!!!” (JP 6/4/12, 9.37am). The weakened brand traits seemingly influenced consumers negatively as the brand image of Marmite was no longer what it used to be. The brand image was further damaged by the parent company in August 2012 when Sanitarium and New Zealand customs halted imports of UK Ma’amite as it infringed New Zealand’s trademark laws as claimed by Sanitarium. Generally, this was not received by consumers well given they felt that not only was Sanitarium unable to fulfil consumers’ needs but also prevented smaller businesses to access the market.

4.4 Emotional Attachment to the Brand

Emotional attachment towards the brand changed over the supply disruption affecting the components of love, attachment, connection, and separation distress. The love for the brand could be easily seen in consumers’ comments at the beginning of the shortage. However, as the disruption progressed this love for Marmite either subsided or turned into nostalgia. Some consumers switched to competitor’s brand and hence felt less loving towards the brand. Others became nostalgic. TS writes: “Nothing can replace you Marmite, my toast is just not the same, I have been cheating on you just having cereal instead” (19/07/12, 10.45pm). The sense of loss for consumers manifested in two ways: nostalgia and separation distress. For example, DB’s comment reflects nostalgia: “What’s Marmite? I know it used to taste pretty good slathered on top of butter on toast... but hey we might have to switch to Vegemite... Where is Marmite? It’s been way too long” (10/08/12, 12.28 am). Separation distress can be seen from this quote: “Marmite, Marmite, where for art thou Marmite? I have been to Vegemite and back. I have waited days, weeks, it feels like more than a year. I can’t handle the separation; I need you back in my life. Please hurry back to me!” (SB, 20/10/12, 1.15pm). For something as pedantic as a spread, consumers were attached to Marmite.

4.5 The Analogy of a Divorce

The content analysis findings were generally confirmed by the consumers we interviewed who divorced the brand. Brand divorce from the participants’ perspectives seems to be the result of: (a) weakened brand personality traits driven by lack of trust and commitment; (b) separation distress often fuelled by nostalgia; (c) incongruent brand/self-identity and (d) negative emotional attachment to the brand due to loss of emotional connection. All participants stated that their loyalty to the brand was altered in some way or another and weakened overtime. Three participants questioned whether they would be able to truly trust the company again. Overall, the results tend to suggest that the duration of a disruption mediates how consumers’ value continuing brand loyalty, and the stronger the negative emotions felt, the higher the sense of loss and lack of trust in the brand.

5. Discussion and Implications

Several theoretical and managerial implications arise from the results of this study. At a theoretical level, the results confirm that brand divorce shares the same characteristics as actual person-to-person divorce, albeit different drivers for each stage. The four phases of divorce that are evident among consumers for Marmite brand are shown in Figure 1. The breakdown phase starts with the effects of the disruption in supply and the lack of communication on behalf of the parent company (Sanitarium). From the breakdown phase to the decline phase, one important enabler of brand divorce was the weakened brand personality
traits. In the case of Marmite, traits such as competence and sincerity dwindled among the loyal customer base. These were fuelled by declining trust and commitment to the brand. At the same time, consumers engaged in what Alvarez and Fournier (2012) describe as a ‘brand fling’. The latter refers to consumers switching to other competing brands for self-protection. From the decline to the disengagement phase, consumers increasingly felt negative emotions such as anger and frustration toward the parent company and the brand. They also experienced separation distress, an indicator of brand attachment, fuelled by nostalgic feelings for the brand. As the disruption progressed, consumers felt less emotionally connected to the brand and brand love was quickly dissipating. This encouraged them to disengage completely with the brand. For Marmite, consumers’ increasingly perceived that the brand image and values were incongruent with their self-identity. In essence the brand identity had weakened. Two typical behaviours associated with this phase of the brand divorce were brand avoidance and brand aversion.

The results also highlight the role and importance of brand personality traits in triggering a brand divorce. The findings of this study indicate that brand personality traits are the most impacted when there is disruption in supply. Weakening brand personality traits can strongly affect the consumer-brand relationship. Aaker et al. (2004) found that relationships with sincere brands suffered in the wake of transgressions. As noted by these authors, although transgressions will vary in their severity and cause, all are significant in their ability to affect relationship progress. For Marmite, the disruption in supply was only one of the triggers of brand divorce. The lack of communication, bullying smaller players in the market place, and wrong prioritisation of activities were other significant brand transgressions that contributed to brand divorce. These transgressions stand as the hallmark of the relationship, representing perhaps the most significant events in the relationship history (Aaker et al., 2004).

The results also suggest that communication strategies during a crisis are critical for retaining consumer loyalty. For Marmite in particular, the lack of communication and reassurance given to consumers were perceived as significant brand transgressions, weakening brand identity and brand values. Reassurance is a precursor to brand competence. Antecedent to brand forgiveness is whether a brand restores high levels of competence (MacInnis, 2012). The more a brand is perceived as incompetent the less likely consumers are to engage in brand forgiveness. Therefore brand managers should develop strategies to rebuild a brand’s competence by demonstrating dependability and reliability after a supply disruption. Using these as the foundation, brand managers can attempt to reinforce trust, commitment, and brand loyalty.
References


How Do Brands Capture Value through Engaging Non-Paying Consumers?

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Abstract

The customer engagement concept has received increasing attention in the Marketing literature in recent years. Within this emerging literature, customer engagement behaviours (CEBs) are heralded, in particular, to reflect consumers’ engagement with focal brands or firms. Further, based on the emergence and rise of influential consumer networks, the role of non-paying consumers is rapidly gaining traction. Although the literature has addressed customer engagement behaviours displayed by paying customers, those exhibited by non-paying consumers remain largely unexamined to-date.

In this paper, we explore and develop the concept of non-paying consumer engagement behaviours (NPCEBs); i.e. “positively-valenced behavioural manifestation toward a product, brand or firm, which are not predicated on a transaction, but none-the-less create potential value for the firm”, and develop a conceptual model comprising key NPCEB antecedents and consequences. The paper concludes with an overview of key implications for future empirical research.

Keywords: Customer engagement behaviors (CEBs), non-paying consumers, value, networks
Track: Brands and Brand Management

Introduction

The strategic importance of developing an enhanced scholarly understanding of consumers’ engagement with specific offerings is becoming increasingly documented in the literature (Brodie et al., 2011; Mollen and Wilson, 2010; Calder et al., 2009; Hollebeek, 2011a/b). Specifically, the benefits of maintaining an ‘engaged’ customer base displaying favourable brand-related behaviours, including word-of-mouth communications and referrals, has been heralded as an important source of competitive advantage (Bijmolt et al., 2010). As such, to generate long-term profitability, scholars increasingly recognise the importance of building strong consumer engagement with the firm (Kumar et al., 2010; Verleye et al., 2013).

Relative to traditional concepts, such as consumer involvement, consumer engagement represents a promising concept expected to provide superior predictive and explanatory power of focal consumer behaviour outcomes, including brand loyalty, (Bowden, 2009; Hollebeek, 2011a/b, 2012). As such, the importance of developing an enhanced scholarly understanding of consumer engagement has been widely recognized. The Marketing Science Institute, for example, included the concept of engagement among its key research priorities for the period 2014-2016 (MSI, 2014).

Brodie et al. (2011) posit the notion of ‘interactive experience’ to represent a core theoretical foundation underlying the concept of engagement. Analogous to these developments the study of ‘customer engagement behaviors’ (CEBs) has emerged as a growing body of literature. van Doorn et al. (2010: p. 253) define CEBs as “a customer’s behavioural manifestation toward a brand or firm, beyond purchase, resulting from motivational drivers.” The authors include a vast array of behaviours as examples of CEB including word-of-mouth (WOM) activity, recommendations, helping other customers, blogging, and writing reviews. In their
conceptual analysis, the authors predict CEBs to exert a key impact on specific customer-(e.g., identity), firm-(e.g., reputational, financial), and miscellaneous (e.g., social surplus) variables.

Further, extending van Doorn et al. (2010), Verleye et al. (2013) examine the effects arising from the deployment of particular management practices on ensuing CEBs, using a series of qualitative and quantitative analyses. To illustrate, the authors identify a strong, positive effect of an individual’s perceived service quality level on their ensuing CEBs; in particular, regarding the provision of feedback and positive WOM behaviours (Groeger and Buttle, 2014a). In this paper, we examine the emerging CEB concept with a particular application to non-paying consumers (NPCs), as explained in further depth in the Literature Review. The remainder of this paper is structured as follows. In the next section, we review the key literature addressing customer engagement concept in marketing, which we then use as a foundation for the development of a conceptual model addressing non-paying consumers’ engagement behaviours (NPCEBs). The paper concludes with an overview of key contributions and academic, as well as managerial implications arising from this research.

**Literature Review & Conceptual Development**

Conventionally, the creation and dissemination of brand-related content, was largely restricted to paying customers of focal brands. However, with the proliferation of Internet-based communication tools and networks, *any* Internet-enabled consumer now has the opportunity to provide specific brand-related commentary, claims or other brand-related content (e.g., images) online (Kaplan and Haenlain, 2010). Specifically, contemporary consumers no longer merely act as passive recipients of incoming marketing (e.g., brand-related) cues, but are increasingly viewed to proactively engage in focal brand interactions and relationships (Prahalad and Ramaswamy, 2004; Aaker et al., 2004). This is exemplified by their increasing opportunity to participate in social media, and develop user-generated content (UGC; Van Dijck, 2009). As a result of this observed shift, marketers are losing a level of control over the distribution of specific brand-related messages, which, traditionally, used to be within their locus of control; thus vastly increasing the level of complexity faced by practitioners tasked with managing brand communication, brand performance and customer relationship outcomes (Hennig-Thurau et al, 2010). Based on this observation, we refer to ‘non-paying consumers’ (NPCs) as “consumers of the focal brand or product, whose relationship with the focal brand or product is not predicated on a financial exchange”. NPCs have been observed to create or disseminate specific brand-related content or information within their networks. For example, NPCs may comment on their desire to try a particular brand or product, recommend a particular brand or product to their network without self-purchase or trial, or make recommendations regarding product improvement or availability to the focal firm, which would increase the likelihood of future purchase by the NPC and/or their network. As such, the theoretical ambit of NPCs includes non-customers and prospective customers undertaking specific brand-related engagement behaviours, which in turn, may contribute to the level of value created for the firm directly or via the NPCs interaction with his or her network.

In this paper, we specifically focus on the ways in which NPCs engage with focal brands. This engagement is expected to generate enhanced occurrence of particular positive brand-related commentaries and WOM in specific environments, including off-line and online social networks (Sawhney et al., 2005; Breidbach et al., 2014). As such, our investigation is focused on NPCs’ specific positively valenced expressions of their engagement with focal brands (Hollebeek and Chen, 2014).
Further, we focus on the key importance of the behavioural dimension of consumer engagement, as opposed to cognitive or emotional engagement. The behavioural dimension of engagement has been highlighted in the literature (Verleye et al., 2013; Jaakkola and Alexander, 2014), but has largely rested on the implicit assumption of payment or financial exchange occurring in conjunction with the formation or development of consumer engagement. To illustrate, Kumar et al. (2010: p. 298) state that “engagement would be incomplete…without customer purchases from the firm. When one envisions the different ways in which a customer can interact or ‘engage’ with the firm, purchasing from the firm naturally arises.” Correspondingly, other authors, including van Doorn et al. (2010) posit the nature of CEBs to extend ‘beyond transactions,’ or ‘beyond purchase’ (MSI, 2014); thus also viewing customers’ brand-related purchase activities as an integral component of CEBs. Consequently, extending the work of Verleye et al. (2013) and Jaakkola and Alexander (2014), we examine non-paying consumers, as opposed to paying, customers’ exhibited engagement behaviours (i.e. NPCEBs). We expect to generate novel insights based on NPCs’ unique characteristics, relative to those typifying paying customers. As stated, a key contribution of our work resides in the potential influence contemporary NPCs may exert regarding specific brands, including the provision of WOM.

Integrating the notions of NPCs with CEBs, we conceptualise NPCEBs as “positively-valenced behavioural manifestation toward a product, brand or firm, which are not predicated on a transaction, but none-the-less create potential value for the firm. Examples of NPCEBs include the dissemination of WOM (online and offline), providing brand-related recommendations, complying with specific brand-related guidelines, rules or conventions, helping other customers, blogging, providing feedback, writing reviews (Verleye et al., 2013; van Doorn et al., 2010). Additionally, NPCs may create brand or product related content and experiences. We further detect that while some NPCEBs have a predominantly private focus (e.g. compliance with specific brand-related guidelines), others are more social or conspicuous in nature (e.g. helping other customers, providing WOM, content creation).

Based on Brodie et al.’s (2011) fifth foundational premise, the investigation of engagement within a broader nomological network of conceptual relationships is key to furthering scholarly understanding of this emerging concept. We therefore examine a set of key antecedents and consequences of focal NPCEBs; thus extending van Doorn et al.’s (2010) work addressing the paying customer realm. Consequently, our proposed conceptualisation and model of NPCEBs is expected to generate enhanced scholarly and managerial understanding of the emerging engagement concept (Hollebeek et al., 2014).

**Conceptual Model**

Based on the authors’ observation, we explore the nature of NPCEBs and their associated key conceptual relationships, as summarised in our proposed conceptual model (cf. Figure 1).

This model of the “Nomological Net of NPCEBs” takes a broad perspective, encompassing antecedents, customer engagement behaviours and the value that these behaviours create for firms and their brands. It is important to note that specific and deliberate focus of the model is non-paying CEBs. Many CEBs, as detailed in the existing literature, have been observed to apply, equally, to non-paying consumers, and have thus been included in the model. However, other CEBs are relevant to paying customers only (e.g., the value created by purchases or referrals made by existing customers; Kumar et al., 2010). Consequently, these items have been either modified or excluded from the model presented. Similarly, proposed additions,
which capture observed NPCEBs and the value these behaviours create for firms, their brands, consumers and their networks, have been included.

**Figure 1: Conceptual Model - Nomological Net of NPCEBs**

<table>
<thead>
<tr>
<th>Antecedents</th>
<th>NPCEB</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personal Factors</strong></td>
<td>Augmenting/Co-Developing*</td>
<td>Firm</td>
</tr>
<tr>
<td>- Self concept (ideal vs desired self)</td>
<td>- User Generated Content suggesting alternative product uses</td>
<td>- Future purchase x*</td>
</tr>
<tr>
<td>- Motivation</td>
<td>- Feedback x suggesting product improvements, identifying sources of innovation</td>
<td>- initial or repeat purchase in the future</td>
</tr>
<tr>
<td>- Personality factors</td>
<td></td>
<td>- Influence x</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Situational Factors</th>
<th>Influencing/Mobilizing *</th>
<th>NPCs/Consumer Networks</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Mood</td>
<td>- WOM x*</td>
<td>- Free trial</td>
</tr>
<tr>
<td>- Perceived amount of time available</td>
<td>- Online WOM x*</td>
<td>- Premium for participation</td>
</tr>
<tr>
<td>- Perceived benefit *</td>
<td>- Offer trial to network</td>
<td>- gifts, discounts, loyalty points</td>
</tr>
<tr>
<td></td>
<td>- User generated content making social contacts aware of product/helping &amp; coaching other agents</td>
<td>- Brand/Product Self-Identification x</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exogenous Stimulus</th>
<th>Co-Creating</th>
<th>NCPs/Consumer Networks</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Firm initiated</td>
<td>- Product/marketing/material co-creation matching prospective customer and product</td>
<td>- Elevated status within reference group or network</td>
</tr>
<tr>
<td>- Network initiated</td>
<td>- Branded experience co-creation generating part or all of the core offering, marketing stimulus, or brand-related experience.</td>
<td></td>
</tr>
</tbody>
</table>

^- Verleze et al. (2015)
^+ Van Doorn et al. (2016)
^x Jainakola & Alexander (2014)
^Kumar et al. (2010)

**Antecedents of NPCEBs**
The employee engagement literature has identified three broad drivers of engagement (Kahn, 1990), including (a) personal factors (e.g., personality; mood); (b) situational or context-specific factors (e.g., time of day/week/year, or an individual’s perceived amount of time available for a particular brand interaction) and (c) exogenous stimulus- or object-related factors (e.g., specific brand attributes, such as product, packaging or pricing specifications, or other stimulus emanating from the focal form or the NPCs network);. Similarly, the existence of specific personal, object-related and situational characteristics has also been shown to affect consumers’ involvement levels with products or brands (Zaichkowsky, 1991). Analogous to these streams of literature and in keeping with the extant CEB literature (in the case of personal and situational factors; van Doorn et al. 2010) we propose these three broad types of determinants to drive NPCEBs, as shown in our model.

**Non-Paying Customer Engagement Behaviours (NCPEBs)**
We explain the existence of consumers’ observed NPCEBs by drawing on social exchange theory (Blau, 1964; Hollebeek, 2011b). Under social exchange theory, individuals are predicted to reciprocate positive thoughts, feelings and behaviours toward an object (e.g. a brand) upon receiving specific benefits from the brand relationship (Pervan et al. 2009). Social exchange thus entails unspecified obligations, whereby one party (e.g., the non-paying consumer) does another party a favour (e.g., the brand about which the individual posts a
favourable review, creates content or makes a recommendation to a self-selected social network.). The favour is motivated by the objective of some future return (Rousseau, 1989; Homans, 1958), such as free products, future preferential treatment by the brand or its representatives, or the attainment of an enhanced self-perceived status; thus achieving a closer approximation to the individual’s ideal self, resultant from the individuals exhibited NPCEBs.

Jaakkola and Alexander (2010) identify three types of CEBs that are applicable to NPCs. These are “augmenting” (e.g., suggesting alternative product uses), “co-developing” (e.g., suggestion product improvements and identifying sources of innovations) and “influencing/mobilizing” (e.g., making social contacts aware of the product or helping and coaching other agents). In addition to these types of CEBs, we identify “co-creation”, where NPCs may, through discretionary behaviours, create part of the core offering or participate in co-design or shared production (Lusch and Vargo, 2006). This relates to instances of NPCs co-creating products, markets or branded experiences. Take for example a computer gaming enthusiast who applies to receive a free “beta” (test) version of a computer game before the commercial release of the product. In addition to trialling the game, providing suggestions for improvement and making social contacts aware of the products’ existence, the gamer (NPC) may also upload videos of game play to the company site and other sites more broadly, post reviews and recommendations and even hold events, where selected members of his or her social network are invited to jointly trial, experience and discuss the focal product/brand.

Consequences of NPCEBS – Value to the Firm, their Brands and Other Agents
As a result of their customer engagement behaviours, non-paying consumers may create potential firm and brand value via their contributions to their focal brand’s global consumer perceptions, image and equity (Bruhn et al., 2012). In their comprehensive exploration of the customer engagement value, Kumar et al. (2010) identify two specific sources of value relevant to NPCEBs. These are customer influencer value (CIV) and customer knowledge value (CKV). CIV and CKV value accrue to the firm as a result of WOM (including user generated content) and feedback resulting in innovation, product improvements or deeper customer knowledge, respectively.

Following from the NPCEBs identified in the previous section, we propose that “co-creation of product/brand experiences” (i.e., sharing in the development of the core offering with consumers) and “access to consumer networks” also be included in the types of value generated for the firm by NPCs. The ability for firms to access consumer selected social networks (both online and offline), rather than those constructed or derived by the firm, is increasingly recognised as source of ongoing value for firms (Groeger and Buttle, 2014b) and is distinct from value derived firm sponsored referral programs targeted at existing paying customers (Kumar et al., 2010).

From a customer perspective, value arising from CEBs is described in terms of benefits relating to brand/self-identification (van Doorn et al., 2010) and elevated status within reference groups or networks. Anecdotal evidence suggests that NPCs also attach intrinsic value to extrinsic rewards created by firms to prompt NPCEBs, such as free product trial and premiums for participation in product trial, (e.g.: gifts, discounts, loyalty points etc).

Conclusions & Future Research
The purpose of this paper was to integrate the two emerging literature-based concepts of NPCs and CEBs; thus rendering the novel term ‘NPCEBs.’ Based on the emergence and rise
of non-paying consumer communications and WOM regarding specific brands, we posit NPCEBs to be of high theoretical and managerial relevance; thus generating a key contribution to the marketing literature. We delineate how extant notions of CEBs relate to non-paying consumers and provide a model addressing key conceptual relationships between NPCEBs and other key constructs, including firm- and consumer-based value. This is of scholarly relevance as it constitutes a theoretical extension of the CEB concept to the specific, but important context of NPCs. Further, the model is expected to be of interest to practitioners as it provides insights into, and understanding of, the nature and dynamics characterising NPCEBs, which are prolific in contemporary online and social media environments; thus exerting key potential effects on the success of focal brands.

Whilst the model extends the work on CEBs currently available in the literature there would be benefit for the model to be investigated, empirically, in future research. In addition to confirming the nature and range of CEBs amongst non-paying consumers, theorists and practitioners alike would find value in an enhanced understanding of the relative importance of personal, situational and stimulus-based CEB antecedents derived from empirical study. Moreover, empirical research may be deployed to establish the potential existence of other key NPCEB consequences, in addition to those stated in our model. Sample research questions relating to our model include ‘do NPCs predominantly display specific NPCEBs individually, or in conjunction with other NPCs? If the latter, which particular NPCEBs tend to be displayed in conjunction with other NPCs, and what are their characteristics? Are some NPCEBs more likely than others to be displayed by NPCs individually, versus in conjunction with others? What are the relative importance of personal, situational and stimulus based antecedents to CEBs? Is there interaction between these antecedent factors? Finally, in which ways, and to which extent, do NPCEBs create value for brands, specifically, and for firms, more generally? At the time of writing this paper we have not yet begun the empirical data collection, but we will present preliminary answers to the research questions when the ANZMAC conference convenes.

Selected References


Enhancing Self-Brand Connection in Service Firms with special reference to Commercial Banks in Sri Lanka

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Abstract
The main aim of this research study is to investigate the drivers of Self-Brand Connection (SBC) in service organisations. The findings of this study can be useful to form strong and enduring SBC in service firms, which will bring various benefits to service business. Literature review suggests Satisfaction, Trust, Affective Commitment and Rapport are the drivers of SBC. This study investigates SBC in the context of banks, and the data was collected from 451 customers of Sri Lankan commercial banks. A structural equation model was run to test the hypotheses. The findings revealed that, of the drivers, Satisfaction, Trust and Affective Commitment significantly enhanced SBC in commercial banks. Based on these findings, implications to theory and practice have been discussed.

Keywords: Self-Brand Connection, Service Firms, Banks, Trust, Affective Commitment
Track: Brands and Brand Management

Introduction
During last few decades, the concept of Self-Brand Connection (SBC) has received intense attention in service marketing literature as a main consequence of strong customer-brand relationships (Escalas, 2004; Escalas & Bettman, 2003). Individuals use products to form and communicate their self-concept. In doing so, consumers may form meaningful personal connection between themselves and a given brand such that the brand itself is somehow closely associated with the individuals’ self-concept (Escalas, 2004; Kirmani, 2009). This is known as self-brand connection. SBC enhances attitudes and purchase intentions of the brand (Ferraro, Kirmani, & Matherly, 2013). If customers have strong attachment with favoured brand, they will likely to be committed to that brand (Aaker, 1999). The business benefits of SBC include repeat purchase, purchase postponement in case of brand unavailability, price insensitivity, resistance to negative brand information and active participation in brand communities (Cheng, White, & Chaplin, 2012).

The process of building self-brand connection has been documented in the marketing literature (Cheng et al., 2012). However, a few studies have investigated self-brand connection in service industries. In service contexts, customers associate their self-identity with brands, whilst they become strongly engaged and involved with service brands (Sprott, Czellar, & Spangenberg, 2009). Brand engagement means paying a strong attention on brands and their meaning, and using brands to shape and enhance self-concept (Goldsmith, Flynn, & Clark, 2012). This suggests customers’ engagement with brand can possibly lead to self-brand connection. To this end, marketing scholars argue that satisfaction, trust, affective commitment and rapport would be the drivers of customers’ engagement with service brands (Bowden, 2009; Sashi, 2012; Van Doorn et al., 2010). This therefore implies that these drivers can influence self-brand connection in service contexts. However, drivers of self-brand connection have not yet been investigated in service industries. This study aims to investigate this gap. Extant marketing literature is still ambiguous about how self-brand connection is formed and enhanced in service contexts. Thus, this study would reveal new insights about forming, strengthening and enhancing self-brand connection in service...
marketing. The following literature review articulates the influence of Satisfaction, Trust, Affective Commitment and Rapport on Self-Brand Connection in service contexts.

**Literature Review**

**Satisfaction and self-brand connection**

It is important that customers are satisfied throughout the purchase and usage of a brand in order to form strong and enduring SBC (Bowden, 2009; Escalas, 2004). Generally, consumers expect that a service brand will enable them to create desired self-image. The extent to which customers are satisfied with a brand will determine their willingness to integrate that brand into their lives (Bhattacharya & Sen, 2003; Swaminathan, Page, & Gürhan-Canli, 2007). In marketing literature, a handful of studies provide more concrete links between satisfaction and customer-brand connections. For example, Kuenzel and Halliday (2008) reveal that satisfaction is a strong determinant of customers’ identification with a brand. Hence, based on this discussion, the following hypothesis is formulated,

**H1**: Satisfaction positively influences SBC in service firms

**Trust and self-brand connection**

Another driver of SBC is trust, which is defined as the expectations held by the consumers that the service provider is dependable and can be relied upon its promises (Sirdeshmukh, Singh, & Sabol, 2002, p. 17). In the service contexts, trust is deemed to be essential, as a service is normally obtained with trust prior to experiencing it (Berry, 1995). To this end, trust is considered to be a driver of SBC in service contexts. Trustable service encounters are retained in customers’ mind, which can contribute to drawing customers’ self-concept closer to service brands (Bhattacharya & Sen, 2003). Additionally, trust encourages consumers to participate in online brand communities. This will result in stronger and enduring self-brand affiliation (Cheng et al., 2012). Hence, the following hypothesis is formulated.

**H2**: Trust positively influences SBC in service firms

**Affective Commitment and self-brand connection**

Affective commitment is defined as the emotional attachment formed when the attributes of a product or service, extrinsic from its functional qualities, motivate consumers to develop strong positive feelings towards a brand (Park, MacInnis, & Priester, 2006). Customers who are emotionally attached with a brand can use the brand for self-enhancement purposes. When customers feel positive affect like happiness and excitement from a service brand, they would likely experience emotional attachment with the brand (Bowden, 2009). In order to maintain these connections, they may align their self-concept closer to the brand (Escalas, 2004; Frimpong, 2014; Park et al., 2006). The extent to which customers have emotional commitment with a brand influences their willingness to use the brands to express their self-concept (Swaminathan et al., 2007). To this end, Stokburger-Sauer, Ratneshwar, and Sen (2012) demonstrate that customers are likely to incorporate the attributes and meaning of the brands into their lives, if they have established strong affective and emotional bonds with the brands. From the foregoing discussion, the following hypothesis is formulated.

**H3**: Affective Commitment positively influences SBC in service firms

**Rapport and self-brand connection**
The intangible nature of services makes them difficult for customers to assess. Hence, customers normally depend on the level of rapport experienced with staff as a measure to evaluate service quality (Berry, 1995). Rapport is defined as the personal, enjoyable and harmonious connections that are formed within customer-to-provider interactions (Gremler & Gwinner, 2000, p. 90). Type of people customers interact with and nature of such interactions influence construction of customers’ self-concept (Escalas & Bettman, 2003). Rapport focuses on how relational and pleasant service encounters between customers and staff can contribute to forming strong self-brand connection, therefore rapport is considered as driver of SBC (Bowden, 2009; Escalas, 2004). For example, Ahearne, Bhattacharya, and Gruen (2005) demonstrate that favourable service interactions enhance customers’ likeliness of using that brand for self-enhancement purposes. This is due to the fact that enjoyable service experiences are retained in customers’ mind as self-relevant and favourable memories, which in turn influence development of customers’ self-concept (Ahearne et al., 2005). Additionally, as suggested by Ahearne et al. (2005), customers self-image affiliation with service is influenced by their empathy, reassurance and sympathy experienced in service encounters. From the preceding discussion, it is logical to hypothesise that:

**H4:** Rapport positively influences SBC in service firms

**Method**

**Context and sample of this study**

This study investigates SBC in the context of commercial banks. Of the various services used by consumers, banking seems to be an essential service. Banks enable transactions, thus playing an important role in people’s lives. Generally, other services, such as education and health depend on financial operations. Also, people’s interaction with banks is high (Frimpong, 2014). Additionally, in service marketing literature, brand related studies are increasingly being conducted in banking contexts, as banks focus on differentiating themselves from other banks in terms of their brand attributes, such as brand image and brand loyalty (Bapat, 2009).

The sample of this study comprised 700 commercial bank customers from Sri Lanka. A survey was used to collect data from the sample customers. The survey was carried out in Sri Lanka during March–April 2013. Participants were the regular customers of 10 leading Sri Lankan commercial banks in Colombo. The participants were approached during banking hours within the bank premises. The participants received information relating to the purpose of the survey, and they were assured of their anonymity. The paper based surveys were distributed to 700 customers. 555 customers responded to the surveys and returned them. Of these, 104 surveys had missing data, hence were discarded. The demographic profile of the respondents revealed that 44.7% of the respondents were male and the remaining was female. Also, 27% of the respondents had income below U$230, 45% had income between U$231–500, 19% had U$501–750 and the remaining had income above U$750.

**Measures and Instrument Development**

A paper based survey instrument was designed from previous validated scales, however, these scales were modified to suit the banking context, where appropriate. We measured satisfaction using three items adopted from Voss, Godfrey, and Seiders (2010). Trust included four items adopted from Verhoef, Franses, and Hoekstra (2002). Four items measuring Affective Commitment were drawn from Mattila (2006). Rapport was measured with nine items taken from Gremler and Gwinner (2000). The seven items for SBC were adapted from Escalas (2004). A 7-point Likert type scale was used for items operationalising all the constructs. To ensure content validity, the survey instrument was vetted by seven
academics with expertise in the discipline of Marketing. The survey instrument originally in English was translated to Sinhalese, the respondents’ first language. The survey instrument was pre-tested using two focus groups, each comprising eight regular customers of the banks. Consistent with the feedback from the above initiatives, some minor changes were incorporated into the wording and format of the survey instrument. The survey instrument was translated back to English and was cross-checked by three other bilingual researchers to ensure reliability and validity of translation. The respondents had an option of responding to either the English or Sinhalese survey based on their language capacity.

**Analysis and Results**

**Measurement Model**

Confirmatory Factor Analysis (CFA) was performed to ensure that items used to measure study constructs were theoretically consistent. The results of this analysis are presented in Table 1 in Appendix A. The fit indices of CFA tests shown at the bottom of Table 1 suggest a good model fit to the sample data. CFA results revealed that factor loadings of items in all the study constructs were above 0.5, the minimum threshold value, and Average Variance Extracted (AVE) values of all constructs were also above 0.5, both of which are indicative of convergent validity of measures (Hair & Anderson, 2010). The square root of AVE values presented in the upper diagonal of Table 2 in Appendix B for each construct was greater than the constructs’ correlation coefficients with other constructs. This is indicative of discriminant validity amongst constructs (Fornell & Larcker, 1981). Additionally, Cronbach’s Alpha coefficient of each construct was above 0.7, implying reliability of construct measures.

**Hypothesis Testing**

A structural equation model was run to test the hypotheses and the model had fit statistics as shown at the bottom of Table 3. These fit indices suggest adequate model fit to the sample data. \( R^2 \) was 0.67, indicating that 67% variance in Self-Brand Connection was explained by this model. The results of the test are summarised in Table 3. These results reveal that Satisfaction (\( \beta = .41, p < 0.001 \)), Trust (\( \beta = .31, p < 0.001 \)), and Affective Commitment (\( \beta = .14, p < 0.05 \)) had significant positive influences on Self-Brand Connections. Hence, \( H_1, H_2 \) and \( H_3 \) were accepted. Nevertheless, Rapport (\( \beta = .06, p > 0.05 \)) did not have significant effects on Self-Brand Connections. Hence, \( H_4 \) was rejected.

<table>
<thead>
<tr>
<th>Proposed Hypothesis</th>
<th>Coefficient (( \beta ))</th>
<th>t-value</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction → SBC</td>
<td>.41</td>
<td>8.14***</td>
<td>( H_1 )-Accepted</td>
</tr>
<tr>
<td>Trust → SBC</td>
<td>.31</td>
<td>6.48***</td>
<td>( H_2 )-Accepted</td>
</tr>
<tr>
<td>Affective Commitment→ SBC</td>
<td>.14</td>
<td>1.97*</td>
<td>( H_3 )-Accepted</td>
</tr>
<tr>
<td>Rapport → SBC</td>
<td>.06</td>
<td>.97ns</td>
<td>( H_4 )-Rejected</td>
</tr>
</tbody>
</table>

Notes: *** \( p < 0.001 \); ** \( p < 0.01 \); * \( p < 0.05 \), ns= not significant. Fit indices \( \chi^2 \) (258)= 453.08, (\( p = 0.13 \)), CFI=.91, GFI=.96, TLI=.96, RMSEA=.048, SRMR=.045. CFI= comparative fit index; GFI=goodness-of-fit index, TLI= Tucker-Lewis index, RMSEA = root mean square error of approximation.
<table>
<thead>
<tr>
<th>Proposed Hypothesis</th>
<th>Coefficient (β)</th>
<th>t-value</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>mean square error of approximation; SRMR=standardized root mean residual</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Discussion**

Satisfaction significantly and positively influenced Self-Brand Connections. This finding suggests if customers are satisfied with the bank and the services provided by bank exceed customers’ expectations, they will likely self-identify with the bank. This finding is consistent with that of extant marketing literature (Bhattacharya & Sen, 2003; Escalas & Bettman, 2003; Swaminathan et al., 2007). Trust also had significant and positive influence on SBC. This result implies that if bank customers perceive that they can rely on their bank and its promises and they believe that their bank put customers’ interests first, they will have stronger self-brand connection with the bank. This argument is similar to those of previous studies (Auh, 2005; Sekhon, Roy, Shergill, & Pritchard, 2013). Affective Commitment had significant positive effects on SBC. In line with the arguments of Escalas and Bettman (2003) and Park et al. (2006), this finding suggests the stronger the customers feel emotional attachment and excitement while accessing their banks, the more their willingness to communicate their self-concept via the bank brands. However, Rapport did not significantly predict SBC in banks. This means that customers’ interaction and relationships with bank and its staff do not contribute to stronger self-brand affiliations. This may possibly be due to the fact that current developments in banking sector, such as online banking, ATM and mobile banking, can reduce customers’ interaction and relationship with bank and its staff.

**Implications for Theory and Practice**

Being first of its kind, this study investigates the drivers of SBC in service firms with special reference to commercial banks in Sri Lanka. Hence, the conceptual model proposed in this study can possibly be applied to other types of financial institutions, such as finance companies, leasing companies, rural banks and microcredit institutions as well as to other service industries like insurance companies to align customers’ self-concept with service brands. Additionally, there would be some other derivers of SBC in service contexts, which can be investigated in future research. This will make further contribution to service marketing literature. Besides contributing to theory, the findings of this study have several marketing implications to service organisations like banks. Of the drivers, satisfaction enhances SBC. Hence, service entities like banks need to identify their customers’ service expectations via marketing research and tailor their services to exceed the expectations. Using promotional campaigns, the firms could also endeavour to set lower service expectation standards amongst their customers, hence the firms would likely exceed the standards during service delivery. Also, Trust enhances SBC. Household customers carry out their routine transactions with banks based on their trust upon banks. Customers’ trust on banks can be improved by ensuring safety and privacy in their transaction with banks. Trustworthy policies and practices can also contribute to customers’ trust on banks. Moreover, banks need to trust their customers, which can enhance mutual trust between banks and customers. Additionally, Affective Commitment raises SBC. Therefore, service managers need to improve interpersonal brand traits, such as friendliness, warmth, likeability and familiarity during service deliveries. Also, marketers
need to give enjoyable service experience to customers, such that they can be excited whilst obtaining the service.

Limitations and Directions for Future Research

This study was confined to commercial banks in Sri Lanka. Hence, to better generalise findings of this study, it needs replication with commercial banks in other countries as well as in other service industries. Also, data for this study was cross sectional. However, due to rapid changes in the banking sector, such as technological developments, customers’ perceptions and attitudes towards banks would likely change overtime. This implies that testing this model with longitudinal data can reveal interesting results.

This study opens avenues for further research. This study focuses on SBC in the B to C context. SBC is also practiced in the B to B context. Therefore, this study can be repeated in the B to B context in future. Additionally, Kleijnen, De Ruyter, and Andreassen (2005) suggest technology might have moderator effects on the association between the drivers and SBC in service contexts. This can be an interest for future researchers.

References


**Appendix A-Table 1- Results of Confirmatory Factor Analysis for Study Constructs**

<table>
<thead>
<tr>
<th>Construct</th>
<th>Statements</th>
<th>FL</th>
<th>α</th>
<th>CR</th>
<th>AV</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBC</td>
<td>My bank reflects who I am</td>
<td>.71</td>
<td>.75</td>
<td>.76</td>
<td>.74</td>
</tr>
<tr>
<td></td>
<td>I can identify with my bank</td>
<td>.80</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I feel a personal connection with my bank</td>
<td>.67</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I use my bank to communicate who I am to other people</td>
<td>.64</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I think my bank helps me become the type of person I want to be</td>
<td>.71</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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### Appendix B-Table 2- Descriptive statistics and correlation matrix for study constructs

<table>
<thead>
<tr>
<th>Construct</th>
<th>M</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Satisfaction</strong></td>
<td>4.52</td>
<td>1.43</td>
<td>.82a</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2. Trust</strong></td>
<td>4.68</td>
<td>1.61</td>
<td>.45*</td>
<td>.87a</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>3. Affective Commitment</strong></td>
<td>5.12</td>
<td>1.37</td>
<td>.12a</td>
<td>.07a</td>
<td>.73a</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>4. Rapport</strong></td>
<td>4.67</td>
<td>1.77</td>
<td>.42*</td>
<td>.33a*</td>
<td>.11a</td>
<td>.85a*</td>
<td></td>
</tr>
<tr>
<td><strong>5. SBC</strong></td>
<td>4.53</td>
<td>1.42</td>
<td>.52a*</td>
<td>.43a*</td>
<td>.23a*</td>
<td>.08</td>
<td>.86a*</td>
</tr>
</tbody>
</table>

Notes: *Correlation is significant at p<0.01,*Correlation is significant at p<0.05
a Diagonal value indicates square root of AVE of latent constructs
Determine Critical Factors of Selecting Suppliers – Company A in Taiwan as an Example

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Abstract
This study investigates and examines the critical factors of selecting suppliers in the electronic manufacture industry. Grey relational analysis are used to analysis the questionnaire data for internal employees of the case company based on the extracted five dimensions and 22 elements of supplier evaluation criteria. Analysis results show that the internal related employees of the case company opine that the importance of supplier evaluation factors are "Provision of excellent production quality (A-1)"", "Consistent product quality (A-2)"", and "Rapid and reliable resilience in responding to the demand of customers (B-1)". Conclusions and suggestions are provided based on the results to provide the case company references to enable it to develop and maintain customer relationship and create high customer equity.

Keywords: Electronics Manufacturing Service Suppliers, Key Factors, Grey Relational Analysis
Track: Brand and Brand Management

1. Introduction
Taiwanese electronics contract manufacturing company aim to reduce costs and meet customer demands by providing electronics manufacturing service (EMS) because of international competition and the limited profit in the electronic contract industry. EMS is implemented to improve customer satisfaction (Zhai & Endong, 2007). This type of service involves the retention of important customers to increase company performance. General EMS manufacturers can provide outsourcing services, including original global logistics pathway and global assembly. They consider flexible delivery and the tariff cost of import and export in related areas. EMS manufacturers can accelerate assembly and delivery speed and reduce taxation based on global manufacturing services and global logistics pathway service. Therefore, EMS manufacturers can deliver products quickly at very low cost.

Taiwanese EMS manufacturers are currently facing global competition and pressure caused by the continuous improvement of technology. Customers of EMS manufacturers prefer to have more choices. Enterprises should understand customer demands under rapid change in competitive conditions and establish a response plan for customer satisfaction to generate more loyal customers, establish long-term cooperation and partnership, compete with strong competitors, and generate high customer equity (Mason et al., 2002; Sturgeon & Lee, 2001). EMS manufacturers should establish an effective management supply chain, and then good suppliers should be selected in advance. The supplier evaluation criteria for each industry should be established prior to the evaluation of suppliers to identify suppliers that can be adopted for production strategy, technical support, and cost reduction. Therefore, the
opinions of upstream suppliers in the electronic manufacturing industry as well as the evaluation criteria adopted by downstream corporate customers in selecting suppliers are analyzed in this paper, and then is implemented to extract the evaluation criteria and elements that should be realized and understood by the evaluated upstream suppliers to enable them to establish effective future sales strategies.

An EMS factory in Taiwan is regarded as an example and is one of leading manufacturers in global DMS (EMS/ODM) (Manufacturing Market Insider, 2011). The questionnaire is designed to collect data and is distributed to two groups of respondents. Grey relational analysis (GRA) is adopted as the analysis tool for the internal employees of the case company because this method clearly defines the importance of clustering elements and identifies the resource investment projects that enterprises require. GRA is utilized to generate conclusions and suggestions based on the results of the questionnaire for internal employees. The generated conclusions aim to provide the case company with a feasible strategy.

2. Literature review

There are many studies on the selection of supplier evaluation criteria, the related literatures about electronic manufacturing industry has Shyur and Shih (2006), Yang (2006), Huang and Keskar (2007), Ting and Cho (2008), Lee et al. (2009), and Garfamy (2009). According to these references, the element factors with clear definitions are maintained, and is shown in Table 1. These twenty - two factors for supplier evaluation are arranged according to quality conditions, service levels, customer relationship, organization capability, and costs/prices after integrating the positive suggestions provided by experts. These twenty-two factors are sorted to serve as a basis of supplier evaluation criteria in this paper.

3. Questionnaire design

The 22 supplier evaluation factors listed in Table 1 are the important entrepreneurial elements considered by corporate customers in evaluating cooperative suppliers. Thus, the opinions of respondents on the 22 elements are determined with a five-point Likert scale, where (1) means very unimportant, (2) means unimportant, (3) means neutral, (4) means important, and (5) means very important. The questionnaires are distributed to internal high-level managers in quality control, R&D, purchasing, customer services, business, production management, manufacturing, project management, and marketing. The respondents are from the top seven corporate customers who provided the highest contribution to the case company in 2010. A total of 100 questionnaires are distributed, among which 86 are recovered (recovery rate of 86%). Then, GRA is used to extract the elements of supplier evaluation when the questionnaire data were collected. The procedure of implementing GRA is shown below:

(I). First, Equation (1) is used to calculate the grey relational coefficient (Deng 1989). A element with a high grey relational indicates that it is a relatively important element of influence in the selection of supplier evaluation criteria. In Equation (1), \( x_i = \{ x_{i}(1), x_{i}(2), ..., x_{i}(k) \} \) and \( x_0 = \{ x_0(1), x_0(2), ..., x_0(k) \} \) represent the comparison sequences and the target sequence, respectively. Each element is graded with a score of 5, 4, 3, 2, or 1, thus \( x_i(k) \) stands for the score that the \( k \)th respondent answers element \( i \), where \( i = 1, 2, ..., 22 \), \( k = 1, 2, ..., n \), and \( n \) is the number of valid questionnaires. Moreover, the highest score is 5, thus the target sequence \( x_0(1) = x_0(2) = ... = x_0(k) = 5 \). Moreover, \( \Delta_{0i} = | x_0(k) - x_i(k) | \) is the absolute value of the \( k \)th difference between \( x_0 \) and \( x_i \).

\[
\gamma \left( x_i(k), x_0(k) \right) = \frac{\min_{i} \min_{k} \Delta_{0i} + \zeta \max_{i} \max_{k} \Delta_{0i}}{\Delta_{0i} + \zeta \max_{i} \max_{k} \Delta_{0i}} \tag{1}
\]

where \( \zeta \) is the distinguishing coefficient and shows the difference between two parts. The value of \( \zeta \) lies between 0 and 1, thus an arithmetic mean (0.5) is used as value of \( \zeta \), which can be adjusted based on actual conditions.
(II). Second, Equation (2) is used to compute the grey relational degree. We assume that all elements of comparison sequence and reference sequence have the same weights, thus the grey relational degree is defined as an arithmetic mean of the grey relational coefficients.

\[ r(x_i, x_j) = \frac{1}{n} \sum_{k=1}^{n} r(x_i(k), x_j(k)) \] (2)

The grey relational degree stands for the relationship between the comparison sequences and the target sequence. The value of the grey relational degree is high if the changes in two elements have the same trend, which implies that the extent of synchronous change and the extent of the correlation are high (Deng 1997).

(III). Third, the grey relational degrees based on Equation (2) is required to arrange from the biggest to the smallest. This final order is the grey relational sequence, and then the elements with similar grey relational degrees are classified into the same group. Finally, the key elements of supplier evaluation are selected from the classified groups by following the principle of Daniel (1961) that an enterprise requires three to six key factors to succeed.

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<td>A. Quality conditions</td>
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<td>Consistent product quality (A-2)</td>
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<td>Ownership of international quality certificates (A-3)</td>
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<td>Open and transparent quality system (A-4)</td>
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<td>B. Service level</td>
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<td>Improved product after-sales system (B-2)</td>
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<td>Capability to prevent and manage possible risks (B-4)</td>
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<td>Delivery effectiveness with high degree of adaptability and reliability (B-5)</td>
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<td>C. Customer</td>
<td>Information exchange and experience sharing (C-1)</td>
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<td>relationship</td>
<td>Good relationship among high-level managers (C-2)</td>
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<td>Maintenance of stable relationship among enterprises (C-3)</td>
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<td>Complementarity among enterprises (C-4)</td>
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4. Analysis results of GRA

According to Equation (1) and Equation (2), GRA is employed to calculate and sort the grey relational degree of each item for the 86 recovered questionnaires. A high grey relational degree indicates that respondents paid more attention to a certain item. The values of grey relational degree in Figure 2 are indicated with number lines and the similar values comprised one group. Groups 1 to 8 are formed from the left to the right side. Group 1 included two question items, namely, A-2 with 0.8682 grey relational degree and A-1 with 0.8624 grey relational degree. The rest are classified similarly. With Daneil's (1961) principle, A-2 and A-1 in Group 1 and B-1 in Group 2 are extracted. The number of factors exceeded the appropriate number of three to six factors if Group 3 is selected. Thus, the three key influencing factors of the two groups (Group 1 and Group 2) above are considered the critical factors of evaluation criteria in the questionnaire survey.

(1) "Provision of excellent production quality (A-1)" represents the strict management of each process and the effective control of the production of defective products to achieve excellence, and "Consistent product quality (A-2)" represents the production of products even with limited resources according to the quality level approved by both parties. The quality control manager of case company opines that the quality should not rely on final inspect mechanism. Quality are built on the complete quality control procedure and the professional and effective employee's education and training. The concept of Total Quality Management (TQM) must go deep into production procedures and must be impressed on executive's mind, and then the reliable quality can be established to satisfy the customer demand. This can be achieved by integrating all quality-related employees and procedures throughout the company. The case company makes great efforts to seek this quality policy for a long time in order to show enterprise promise and core values. Therefore, the provision of excellent and consistent production quality can be regarded as the basic working principle that the staffs of case company must observe and really execute.
"Rapid and reliable resilience in responding to the demand of customers (B-1)" means that the response time is shortened to improve customer satisfaction and obtain customer trust. The trend of the servitization of manufacturing industries is more and more obvious. In order to offer the service of convenience to customers, the goals of enterprises should propose the specialized human resources, the flexible and fast response to customer demand, and the reliable due date. Besides, if suppliers can offer the difference service in order to compete with other competitors, and then they can show suddenly their distinctive ability can be shown outstandingly. Therefore, the customer trust can be obtained and the partnership can be established if the offer of supplier is stricter and more considerate than customer demand. This means that the ability (B-1) is an important indicator when the enterprise customer chooses the supplier.

5. Conclusion

Understanding customer demand and providing services for customer satisfaction in a highly competitive EMS industry can create loyal customers and establish long-term partnerships. Thus, high customer equity for enterprises can be created. This study sorted 22 items of supplier evaluation criterion to investigate the requirements of corporate customers and how these can be met. The 22 items of supplier evaluation factors are grouped into five dimensions based on the suggestions from the interview with internal experts of the case company. These five dimensions include (1) quality conditions, (2) service level, (3) customer relationship, (4) organizational capability, and (5) cost and price. The recovered questionnaires are analyzed by GRA. Three items (A-1, A-2, and B-1) are important criteria of supplier evaluation for internal employees. Level 2 of the dimension corresponding to A-1 and A-2 is quality conditions. Level 2 of the dimension corresponding to B-1 is service level. Therefore, quality conditions and service level are the evaluation factors emphasized by corporate customers in supplier evaluation.

Reference


BRANDS AND BRAND MANAGEMENT ABSTRACTS
The Role of Service Quality in Enhancing Brand Loyalty: The Case of an Internet Service Provider

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Abstract

This study examines the determinants of brand loyalty in an Internet service provision context within a developing economy (Thailand). Internet service providers’ (ISPs) customers often evaluate service quality through several factors such as network quality, customer service, information support, privacy and security. This study confirms the positive associations between overall service quality and customers’ satisfaction, commitment, and value. In addition both customers’ satisfaction and commitment imposed positive effects on attitudinal and behavioural loyalty. However, the relationship between customers’ value and either attitudinal or behavioural loyalty were not supported. This study’s findings assist ISPs in the Thai home Internet services context to formulate retention strategies. Improving the overall service quality perceptions of existing customers would likely lead to more favourable customer affective and cognitive evaluations. This in turn would increase current customers switching costs and minimise the costs associated with attracting new customers.

Keywords: Brand Loyalty, Satisfaction, Commitment, Value, Internet Service Providers, Thailand.

Track: Brands and Brand Management
A Study of Marketing Implementation in Brand Portfolio Companies

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Abstract

Implementation, or the translation of ideas into actions, is a critical part of the business process. Without implementation, ideas cannot become positive results. Researchers agree that more focus is needed to understand the gap between what is expected (planned implementation) and what actually happens (actual implementation). This study considers the implementation of marketing tactics by brand managers in brand portfolio companies. Currently, the likelihood of a given tactic to be planned for (or not) and implemented (or not) is not known. This paper introduces a classification system to help brand managers analyse the implementation patterns of the brand. This system sorts tactics on three dimensions: whether the tactic was planned; whether the tactic was implemented and, if the tactic was both planned and implemented, the degree of congruency (match-up) between actual and planned implementation. Using this process can help brand managers drive ROI through enhanced contingency planning and implementation management.

Keywords: Implementation; brand plans; marketing; tactics

Track: Brands and Brand Management
How Do Evocative Brand Variants Affect Smokers’ Choice Behaviours and Risk Perceptions?

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Abstract

Tobacco companies have responded to plain packaging laws by introducing evocative variant names that re-create connotations plain packaging aimed to remove. To inform future regulation, we explored how brand descriptors affect young adult smokers’ preferences and perceptions. An online survey of 254 young adult smokers comprised a best-worst experiment that tested four attributes: quality, taste, connotation and colour, and a between-subjects comparison of two alternative packs. The most important attribute was connotation, followed by taste, colour and quality, and the most attractive descriptors were ‘classic’ and ‘smooth’. Four distinct segments had significantly different socio-demographic attributes and variant preferences, although their perceptions of harm or quitting ease did not differ. These findings provide the first empirical evidence that descriptors significantly enhance the appeal of tobacco products and counter-act plain packaging’s dissuasive intent. Policy makers should either regulate descriptor content or ban descriptors altogether.

Keywords: Tobacco branding, brand descriptors, plain packaging

Track: Brands and brand management
Reaching Further: Why Service Brands Can Extend to Other Low Similarity Service Categories

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Abstract

The idea that successful brand extensions require a high similarity between the brand and the extension category pervades current research. In two experiments we document that service brands can extend as successfully to low and high similarity service categories thanks to service-specific associations. In the first experiment we keep the extension category constant and show that similarity drives evaluations for product-to-service extensions but not for service-to-service extensions. In the second experiment we keep the parent brand constant and show that similarity drives evaluations for service-to-product extensions but not for service-to-service extensions. We provide evidence for the mediation mechanism driving the effect in both experiments.

Keywords: brand extensions, service brands, similarity, association relevance

Track: Brands and Brand Management
Leveraging Non-Profit Brand Personality to Attract More Volunteers

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Abstract

Prior studies have demonstrated the usefulness of brand personality for non-profit organisations. They postulate that accounting for heterogeneity (especially with respect to cultural background and socio-demographics) would improve the extent to which brand personality can help non-profit organisations communicate effectively with current and potential volunteers. The current study investigates this proposition empirically. Results indicate that neither socio-demographics nor cultural background affect brand personality perceptions of non-profit organisations. Consumer heterogeneity with respect to volunteering motivations, however, leads to highly differentiated perceptions of brand personalities and thus presents an excellent opportunity for customising communication messages. Theoretically, this study contributes by extending the brand personality concept in the context of non-profit organisations to account for heterogeneity. Practically, results help managers to identify which types of volunteers are likely to prefer their organisation and the brand personality perception most likely to result in preference by each group.

Keywords: brand personality, nonprofit marketing, competition, volunteering, motivations

Track: Brands and Brand Management
Product-Related CSR Activities and Consumer-Based Brand Equity

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Abstract

This conceptual paper investigates the relationship between product-related CSR (P-CSR) and consumer-based brand equity. Existing literatures mainly focus on philanthropy CSR, only a few has focused on P-CSR. Considering P-CSR as a prevalent marketing tool, investigating the way in which it affects brand equity would be significant to existing marketing and branding literatures. This study proposes that the effect of P-CSR on consumer-based brand equity is mediated by various brand associations, namely corporate ability associations, CSR-related associations, and product-related associations. Each association has a direct impact on brand equity while the relationship is moderated by the favorability, strength, and uniqueness of each association. However, this study has some limitations. First, this study does not take account of any boundary conditions such as consumers’ attributions, involvement, etc., into the model. Second, this study only deals with the effects on consumer-based brand equity, but neither with company nor with financial brand equity.

Keywords: Product-Related CSR; Brand Equity; Brand Association

Track: Brands and Brand Management
Team Identification, League Equity and Purchase Intention of League-Branded Merchandise

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Abstract

This paper aims to (i) integrate the existing literature on consumer-based brand equity models for the sports leagues (league equity hereafter) and (ii) examine the importance of sports league equity and sports team identification on the purchase intention on league-branded merchandise. An online sample of 1,027 respondents was utilized for the analysis. Utilising structural equation modelling, results iterated the importance of incorporating league equity as it fully mediates the relationship between team identification and league-branded merchandise. Sports practitioners and league and team management should base their strategy on the finding that team identification alone does not lead directly to the purchase intention of league-branded merchandise. Team managers need to promote the teams and their league simultaneously in order for the league brand to be salient. On the other hand, the league managers have to focus on building the league equity in order to boost the level of brand equity of the league.

Keywords: Brands, Sports, Brand equity, League, Sports identity, Purchase intention, Merchandise

Track: Brands and Brand Management
Examining the brand feelings, judgements and resonance of Opera Australia attendees

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Abstract

This research investigates three elements of Keller’s (2003) brand equity model namely, brand feelings, judgements and resonance to determine their effects on opera attendance. To investigate these areas focus groups were conducted. Data was analysed thematically through NVivo qualitative software. The results reveal that Opera Heavy attendees had very strong feelings, judgements and resonance for the OA brand. These individuals regularly attended opera and demonstrated characteristics consistent with consumers having Keller’s brand resonance. In contrast, the feelings, judgements and resonance for Opera potentials was not as strong, and they had less feeling towards OA performances, expressed less positive judgements and less resonance towards the OA brand. The results have implications for OA marketers and brand promoters as it suggests that the Keller CBBE model has application to building the OA brand and in turn having a positive influence on opera attendance.

Keywords: brand, brand equity, performing arts, opera

Track: Brand and Brand Management
Examining the Performance Implications of Brand Orientation: The Role of Formalisation and Brand Management Capability via a Mediated Moderation Approach

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Abstract

Although the performance implications of brand orientation have been widely documented in the marketing literature, there still appears to be a lack of knowledge about the type of internal control that supports brand orientation efforts, particularly one that has often been maligned for its rigid nature, such as formalisation. Further, recent research suggests that brand orientation alone may not be sufficient for the generation of superior brand equity if the firm has no relevance outside the organisation and provides no value to the customer. Drawing on the theory of marketing control and data from a survey of 183 firms operating within the consumer goods sector, the study finds that the influence of brand orientation on brand equity is stronger when formalisation is high. Further, guided by the resource-based theory, the study finds that the interactive effect of brand orientation and formalisation on brand equity is mediated by brand management capability.

Keywords: brand orientation, formalisation, brand management capability, brand equity, mediated moderation

Track: Brands and Brand Management
Change in Meaning of Brand Personality Characteristics

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Abstract

Brand personality has become an increasingly important concept within brand theory, and factor-based methods constitute the standard measure in brand personality research. However, questions have been raised about the validity of current factor-based models. This research explores how brand personality characteristics that are salient in verbal and visual advertising content change over time as the brand is extended into multiple product categories. The empirical data are based on a case study of four sub-brands of the personal and skin care brand Nivea and include an advertising analysis, in-depth interviews with executives, and a document analysis. The results show that the meanings of words that represent brand personality characteristics in advertising content shift across different product categories. The study emphasises the problems related to the use of a generalised brand personality scale and develops an alternative methodological approach for brand personality research.

Keywords: brand personality, extension, category, advertising

Track: Brands and Brand Management
Implementing Corporate Rebranding: Mis-Understood by Practitioners

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Abstract

Corporate rebranding is a crucial but academically under-researched organisational activity. The purpose of this paper is to examine, via case study, the rebranding process and subsequently identify key managerial learnings. Within an organisation that recently conducted a rebranding, in-depth interviews with employees from all organisational levels and functions were utilised to ascertain the actual step-by-step process utilised to rebrand. Aspects of the process that worked smoothly, and problems encountered were identified. Findings highlight the generally infrequent nature of rebranding results in employees having little if any previous rebranding experience upon which to draw. External consultants with appropriate rebranding knowledge should be utilised. Issues of gaining employee buy-in, coupled with relevant levels of employee involvement in the rebranding process are identified. The paper contributes numerous practical insights into exactly how successful corporate rebranding should be conducted, and pitfalls to avoid, providing managers key learnings to assist conduct of future rebranding exercises.

Keywords: corporate rebranding, discourse transformation, branding

Track: Brands and Brand Management
Organisations including performing arts organisations can create competitive advantages conferred by strong and successful brands. Drawing upon Keller’s model of consumer based brand equity (2003), this paper investigates factors that influence the satisfaction (brand performance) of Opera attendees and the role brand plays in attendee satisfaction. The study posits that brand performance (satisfaction) enhances brand resonance and brand loyalty and therefore, the likelihood of continued subscriptions. Structural Equation Modelling (SEM) was used to analyse the causal relationships between intangible aspects (brand feelings), tangible aspects (brand judgements) and price on the satisfaction (brand performance) and brand resonance (brand loyalty) of Opera attendees. It was found that the impact of brand feelings and brand judgements are influential factors on satisfaction and loyalty of attendees. The intangible emotional responses made a larger contribution to satisfaction of Opera attendees and should be the focus of further investigation to verify this in other service settings.

Keywords: Structural equation modelling, performing arts, opera, brand equity

Track: Brands and Brand Management
Consumers’ Intention Toward Customization: What Do Consumers Want from Customization Over the Costs?

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Abstract

This paper clarifies the entire picture of consumers’ intention toward customization. Conceptual framework of this paper is developed by referring to the traditional research of benefits and costs of shopping. Data of 720 consumers’ needs toward customization are collected from questionnaire survey and are analyzed by structural equation modelling. The result showed that possession of the customized products especially those with customized functional values and enjoyable experiences created through producing customized products provided positive effects. It also displayed that the effects of enjoyable experience were as strong as possession of customized products. On the other hand, the negative effects of costs such as consumption of time, physical and nervous energy were limited. Particularly, an increase in prices was even not supported as a cost element in customization. These results are proved to be valuable for companies to implement customization strategy.

Keywords: consumer behavior, customization, benefits and costs of shopping, value co-creation

Track: Consumer Behavior

1.0 Introduction

Customization is not a new methodology, yet this paper argues that it is an effective application for today’s economy. Customization of the products had been the common standard before the Industrial Revolution. However, after the Industrial Revolution, mass marketing of the standardized products in which manufacturers produce and sell in bulk had become dominant around the world in the modern world. The strategy that slashes prices and competes on volume is one of the effective competitive strategies, but in mature economy, the strategy to avert severe price competition is strongly required, as well. In this light, customization strategy has a possibility to function effectively to avoid the issue.

In the academic field, the significance of customization had been discussed and drawn marked attention since around 1990 (Kotler 1989; McKenna 1988). However, the focus of the customization research was mass customization that was centered on efficiency to provide individually-customized goods (Kotha 1995; Tseng and Jiao 1998). From around 2000s, the marketing notion that values are co-created through interactions between companies and customers has disseminated (Prahalad and Ramaswamy 2004; Sheth, Sisodia, and Sharma 2000; Vargo and Lush 2004). As Etgar (2008), Payne, Storbacka, and Frow (2008), and Steckel et al. (2005) conducted customization research from the perspective of the value co-creation, customization itself has become a marketing research topic with a great attention.

On the relation between consumer needs and customization, the researchers discussed consumers’ ability to specify their preferences (Franke, Keinz, and Steger 2009), consumers’ experiences (Wilcox and Song 2011), consumers' evaluations (Moreau and Herd 2010), and consumers’ consciousness of regret (Syam, Krishnamurthy, and Hess 2008). They conducted meticulous experimental studies. However, the range of research objects was fairly limited;
these precedent researches did not capture the entire picture of consumers’ intention toward customization. In addition, many research clarified consumer needs toward particular products’ customization such as PC and bag (Micelia, Raimondda and Faraceb 2013; Randall, Terwiesch, and Ulrich 2007; Moreau and Herd 2010; Valenzuela, Dhar and Zettelmeyer 2009), including elaborate experimentations as well. However, since there were differences in characteristics among the particular products, it was also difficult to capture the entire picture of consumers’ intention toward customization. Based on these previous research results, this research is set to clarify the entire picture of consumers’ intention toward customization. It is commonly known that the price of customized products are higher than ready-made products. Therefore, this paper casts a light on the question, “What do consumers want from customization over the costs?”; also compared and analyzed the differences and similarities between consumer needs toward customization and ordinary shopping of ready-made products, with reference to the traditional research on benefits and costs of shopping (Down 1961; Kelley 1958).

2.0 Conceptual Framework and Hypotheses Development

Figure 1 is the conceptual model for clarification of the overall consumer intentions toward customization. This model divides the positive and negative effect toward customization. In the following sections, we elaborate our discussion by reviewing the relevant theories and develop our specific hypotheses.

2.1 The positive effect toward customization

The research on the benefits of shopping refers to extract the positive effect toward customization. Down (1961) insisted that the benefits of shopping include the value of purchased products, acquisition of information and enjoyable experiences of shopping. Possession of customized products

First of all, a customized product is different from a ready-made product for the reason that the former fits each consumer needs more than the latter. Hence, we hypothesize:

**H1:** The possession of customized product will bring strong positive effects toward customization.

Regarding elements of customized products, the functional elements such as size and material enhance a consumer satisfaction. Therefore, we hypothesize:

**H1.1:** To customize functional element of the product will enhance the value of customized products.

In addition, design element is also one of the main customizable points. Consumer can determine the design to suit the products to their own tastes. These customized products become one and only for the consumer, in which they can talk how special the products are to other people. This exclusiveness is appealing to the consumer. In sum, we hypothesize:

**H1.2:** To customize emotional element of the product will enhance the value of customized products.

Obtaining information

When consumers shop ready-made products, they normally obtain many information regarding goods, services and shops and compare before shopping. Customization requires consumers to specify details of the products such as material and taste, thus they collect relevant information in advance. As a result, consumers will be obtaining more information than shopping of ready-made products. Thus, we hypothesize:

**H2:** Obtaining more information regarding products will bring positive effect toward customization.

Enjoyable experience
Consumers do not only choose ready-made products, but partially participate in the product development occurs in customization. It means that consumers collect relevant information and decide specifications on their own. In sum, consumers do not just consume, but also produce. These factors yield enjoyable experiences. Therefore, we hypothesize:

**H3:** Enjoyable experiences will bring positive effect toward customization.

Producing customized products is understood to be the main element within enjoyable experiences. Thus, we hypothesize:

**H3.1:** Producing customized products will contribute to enjoyable experiences.

These experiences also displayed relevancy to the past research on experiential value marketing (Holbrook and Hirschman 1982; Pine and Gilmore 1999; Schmitt 1999). Prahalad and Ramaswamy (2004) insisted that experiential value did not result from one-way offers from companies but the interaction between companies and customers. In sum, we hypothesize:

**H3.2:** Co-creation of value with companies will contribute to enjoyable experiences.

### 2.2 The negative effect toward customization

**Cost**

The research on the costs of shopping is referred to extract the negative effects toward customization. Kelley (1958) insisted that the costs of shopping include consumption of money, time, and physical and nervous energy. To customize products requires more costs on consumers. Thus, we hypothesize:

**H4:** Increase of relevant costs will be strongly negative effect toward customization.

Regarding the costs, customized products require consumers more money. The price increase is serious to many consumers. Therefore, we hypothesize:

**H4.1:** The price increase will be serious element of costs.

As regards the time, customization needs much more time than what takes for shopping of ready-made products. In addition to the time to collect information and finalize the products, consumers have to wait longer for manufacturing and delivering of the products. Thus, we hypothesize:

**H4.2:** Spending more time will be a serious cost element.

Collecting information and producing products in customization also require consumers more physical and nervous energy. Hence, we hypothesize:

**H4.3:** Spending more physical energy will be an element of costs.

**H4.4:** Spending more nervous energy will be an element of costs.

**Risk**

In addition to the costs that are normally expected in shopping for ready-made products, customization contains the risk that finished products might not meet the consumers’ expectations. Therefore, we hypothesize:

**H5:** The risk that finished products do not meet consumers’ expectations will be negative effect toward customization.
3.0 Research Method
To test hypotheses empirically, we implemented a questionnaire survey. The numbers of respondent to a survey was 720 (female: 360, male: 360). Age range was from 20 to 50 and divided into six groups. We collected data from randomly selected 120 respondents in each group to prevent bias of age. Also, to prevent the data from bias of area, the respondents randomly contain those who live in both urban and rural area in Japan. Respondents are member of MACROMILL, INC, the biggest market research company in Japan. The survey was conducted via Internet from November 15th to 18th, 2013.

4.0 Results
The result of the conceptual model is shown in Figure 2. We use AMOS 22.0 to perform structural equation modelling to test the hypotheses. Model fit indexes are $\chi^2=317.998$ (d.f.=73, p=.000), GFI= .938, CFI= .972, RMSEA =.068. Regarding a p-value, it is significant at the 0.001 level in H1 (Possession’s effect) and H3 (Enjoyable experiences’ effect) and 0.05 level in H4 (Costs’ effect).

H1 (Possession’s effect) is supported. Regarding the element of possession, H1.1 (Functional value’s effect) is also supported. In terms of H1.2 (emotional value’s effect), it is true the element of design is supported, but the element that customized products is exclusive; otherwise, the exclusiveness is an appealing point is not significant. As a result, H1.2 (emotional value’s effect) is not supported. H2 (Obtaining information’s effect) is also not supported. H3 (Enjoyable experiences’ effect) is supported. As for the element of enjoyable experiences, H3.1 (Producing effect) is also supported. However, H3.2 (Co-creation’s effect) is not significant. In addition, between possession and enjoyable experiences, there is a strong correlation.

Though H4 (Costs’ effect) is supported, the standardised regression weight is -.06. Therefore, the effect of the costs is limited. In terms of the cost elements, H4.2 (Time’s effect), H4.3 (physical energy’s effect), H4.4 (nervous energy’s effect) are supported, respectively. However, H4.1 (Price’s effect) is not significant. Finally, H5 (Risk’s effect) is also not supported.
5.0 Discussion
This paper clarifies that possessing customized products, especially those with customized functional values, and enjoyable experiences through producing customized products bring positive effects, also that costs bring negative effects toward customization.

In addition, as regards the positive effects, obtaining information, in which Down (1961) insisted that was one of the major factors in the shopping benefits, is not significant in customization. On the other hand, though both possession of customized products and enjoyable experience are positive effects, it is unexpected that the effect of enjoyable experience is as strong as possession of customized products. Experiential value that has been focused in late years is also important in customization. However, it is not clarified if co-created value between companies and customers is a positive effect to enjoyable experience. Though it could be a positive effect for consumers, such effect is assumed to be latent, in which they do not realize the effect that co-creation of the value yields. At any late, the result that enjoyable experience is strong positive effect toward customization might be the valuable implication for companies to implement the customization strategy.

On the other hand, the negative effects of costs are limited overall. Though Kelley (1958) insisted time, physical and nervous energy were serious costs in case of buying ready-made products, the effects of these costs are limited in customization. The reason for this difference is assumed that consumers preliminarily recognize these costs as preconditions in customization; therefore, these cost factors are limited in terms of negative effects toward customization. In view of the result that the positive effect of enjoyable experiences is quite strong, it implies another possibility that these cost factors that are costs in ordinary shopping change to the benefits in customization.

In terms of another cost, the result did not support an increase in prices as a cost element in customization. There are some possible reasons in this unexpected result. Firstly, it is true that consumers are usually sensitive to the price, but also they accept price increase in order to
obtain products that satisfy their needs. For example, in our questionnaire survey, 66.1% of the respondents accepted to pay more in order to obtain customized products regardless of the income level. As this research is intended to clarify consumers’ intention toward customization, it implies the possibility of the difference between intention and the final decision of purchase. Indeed, the risk contained in finished products, in which they may not meet consumers’ expectations, is not supported as the negative factor toward customization. These undetermined points abstracted from this research will be tested with new hypotheses in next step.

References


Using Segmentation to Reduce the Churn Rate: The Case of an Internet Service Provider

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Abstract

This research study aims to explore the characteristics of customers of a Thai Internet Service Provider (ISP) in order to provide a holistic picture of ISP subscribers and enable more customer-focused market strategies. Data was obtained from 2,059 Internet users residing in all the major regions of Thailand via an online survey. This study identified three major groups of ISP customers based on their Internet usage: light users, medium users and heavy users. Each group is distinctive and their motivations are also discussed. This study is the first of its kind which presents a holistic situation of ISP customers in home Internet services in Thailand. This research provides Internet Service Providers a better understanding of their customers so that they can effectively strategise for different segments and maximise the use of their resources in achieving customer retention.

Key words: Customer Retention, Behavioural Intentions, Segmentation, Internet Service Provider, High-Tech Services, Thailand.

Track: Consumer Behavior

1. Introduction

Customer retention is critical for all businesses, and high-tech services such as Internet service providers (ISPs) are no exception (Thaichon, Lobo, & Mitsis, 2012). Internet service providers (ISPs) are not those who operate their business via the Internet platform, but are those who actually provide the Internet connection and platform for online business-to-business and business-to-customer activities. The competition in these markets is very intense (Thaichon, Lobo, Prentice & Quach, 2014). As customer focus has evolved and become the main approach in many business operations, service providers put considerable effort in winning their customers through numerous facets of service delivery and performance. However, there is still scarce information on the characteristics of customers in high-tech services. Little academic research has been found in the area of customers’ characteristics and perceptions in the Internet services market.

This research aims to investigate the traits of customers including their demographic profile, complaining, recommending and switching behaviours with a view to achieving the foundation of customer retention strategies in the Internet service provider (ISP) industry in Thailand. The Thai National Statistical Office (TNSO, 2010) reported that on average 10% of home Internet customers in Thailand changed their service providers each year over the period from 2003 to 2008. In 2009, this number increased to 12% (Thaichon, Lobo, & Mitsis, 2014). Similarly some Australian ISPs reported that up to 35% of their customers switched in 2007 (Spiller, Vlasic, & Yetton, 2007). The high churn rate is a major concern for ISPs, hence they need to focus on customer retention. Despite the development of telecommunications in Thailand as an emerging market, inadequate studies have been carried out in the home Internet services area in Thailand. Less than five studies about customer retention in the Thailand ISP market can be found in Google scholar. Similarly, a search on Google Scholar
resulted in no more than ten academic research publications on consumer behaviour in the ISP industry in both the developed and developing economies. Considering the extensive usage and rising switching rates in the Internet services market, it is desirable to investigate customer characteristics and buyer behaviour in this market, within Thailand.

A variety of studies have empirically contended that retaining customers is an important aspect in enhancing a company’s market position as well as profitability (Álvarez, Casielles, & Martín, 2010). Previous research has revealed that service quality is a critical component in ensuring business success and competitive advantage (Parasuraman, Zeithaml, & Berry, 1985), as well as improving customer retention (Liang & Zhang, 2012). However, in order to serve their customers better, companies need to understand their target audience and develop appropriate strategies for each market segment. As previously mentioned, there is a dearth of academic research relating to customers of residential Internet services, which are considered to be in the high-tech industry domain. This study therefore aims to effectively segment customers of ISPs and investigate their perceptions relating to their positive and negative experiences.

2. Customer retention and switching intentions
Relationship marketing theory advocates that it is advantageous for a service provider to preserve and develop long term relationships with customers as compared to merely acquiring new ones (Rafiq, Fulford, & Lu, 2013). Customers engaged in long term relationships are likely to be less price sensitive and they make more frequent purchases (El-Manstrly & Harrison, 2013). They would also be more likely to spread positive word of mouth about the service provider, which ultimately results in decreased acquisition costs and higher customer retention (El-Manstrly & Harrison, 2013). This is a key success factor especially during periods of economic turbulence and intense competition (El-Manstrly & Harrison, 2013). Additionally, attracting new customers costs around five times more than retaining current customers (Christodoulides & Michaelidou, 2010). Spiller et al. (2007) claim that a 1% increase in customer retention rates could add approximately 5% profit to an ISP, which also eases the stress of finding and acquiring new customers. In addition, a 2% growth in the customer retention rate is equivalent to a 10% decrease in the cost of customer acquisitions (Han, Lu, & Leung, 2012). Hence, it is essential for ISPs in Thailand to investigate and understand customer loyalty and retention by examining customers’ buyer behaviour. This knowledge can maintain and even improve the company’s market share through a better serviced customer base. This scenario provides an opportunity for Internet service providers in Thailand and for other developing countries to evaluate determinants that influence customer retention, which in turn, can be employed to nurture long term profitability in the competitive residential ISP market.

Segmentation is considered an aid to customer retention strategies (Weinstein, 2002). Segmentation enables a service provider to maximise the use of their resources and capabilities to fully turn existing opportunities into accounts (Weinstein, 1987). As customers have different needs, wants and desires, they are not homogenous; hence, it is necessary to partition the market in order to better service the target audience (Mazzoni, Castaldi, & Adddeo, 2007). Despite the fact that market segmentation concept has been reviewed comprehensively in the literature (Mazzoni et al., 2007; Wedel & Kamakura, 2003), there is scant empirical evidence of how Internet service providers can effectively segment their target audience. In this study customers are grouped based on their Internet usage pattern, which is considered one of the most rational basis of segmentation in similar types of services (Mazzoni et al., 2007; Wedel & Kamakura, 2003). By grouping customers into various usage categories,
service providers can strategise effectively and efficiently for each segment. In a similar vein, Weinstein (2001) concludes that usage analysis can significantly support customer retention accomplishments.

3. Method
Data was collected from residential Internet users in all regions of Thailand. A selective customer database of a well-established major ISP in Thailand was utilised as the sampling frame. This database included customers throughout Thailand who were not locked into any fixed term contract with the ISP, thereby being free to switch to other providers. It was a requirement that the participants were over 18 years of age and they should have used home Internet services. The survey instrument was administered online using the university’s Opinio platform. The web link of the online survey was relayed by the chosen ISPs to households in the sampling frame. The university’s Opinio platform was kept live for a period of three months.

It was calculated that the representative sample of Thailand’s population would be a number exceeding 700 (using a confidence level of 95%). However, owing to the large number of variables included in the survey, plus the fact that this study intended to undertake advanced statistical analysis using Structural Equation Modeling, the ideal sample size was 2000. The average response rate for surveys via email is approximately 30% (Nulty, 2008). Hence we emailed a total of 8000 surveys in two stages, i.e. 4000 surveys were distributed in all geographical regions of Thailand and the other 4000 were similarly emailed to participants a week later. The final usable sample size was 2059.

4. Findings
4.1 Segmentation of Internet customers
Segmentation can help better leverage a service provider’s resources and capabilities to fully take advantage of existing opportunities (Weinstein, 1987). As the needs of consumers are not homogenous, it is essential to divide the market into various segments (Mazzoni et al., 2007). Although the concept of market segmentation has been discussed extensively in the literature (Mazzoni et al., 2007; Wedel & Kamakura, 2003), there is scarce empirical evidence on how ISPs can effectively segment their target audience. In this study customers are segmented based on their usage pattern, which is one of the most logical basis of segmentation in similar types of services (Mazzoni et al., 2007; Wedel & Kamakura, 2003).

More specifically perceptions of service quality dimensions and their relationships with loyalty of light, medium and heavy users will be evaluated. Heavy users (i.e. 48%) are those who spend more than 30 hours on the Internet every week (Assael, 2005). Spending significant amount of time on the Internet, heavy users distinguish themselves from the other two groups. The number of this specific segment is expected to increase as the role of the Internet becomes increasingly important in human life. Light users use the Internet for less than 9 hours per week (i.e. 29%), and medium users (i.e. 23%) spend from 9 to 29 hours online per week. Hence, customers possessing differing usage patterns may exhibit differing attitudes and buyer behaviours towards particular high-tech services and providers (Mazzoni et al., 2007).

4.2 Service quality perceptions
In order to gain more insights into ISP’s customers, four main aspects of the ISP’s service quality were identified, which were: network quality, customer service, information support and privacy and security (Thaichon et al., 2014). Network quality involves the quality and
strength of the network signals, and downloading and uploading speed is the core service performance of ISPs (Thaichon et al., 2014). Customer service is assessed by how customer service staff respond to customer enquiries, and information support refers to the accuracy, completeness, adequacy and relevancy of the information provided by ISPs in both offline (e.g. brochures) and online (e.g. websites) environments. Security involves how the entire transaction, consisting of payment process and procedures of keeping and delivering confidential information, is protected (Chang & Chen, 2009). Privacy, in addition, relates to the customer concern on how their personal information is handled (Özgüven, 2011).

4.3 Complaining behaviour

Heavy users are more aggressive than the other two segments in responding to service failure. When experiencing problems with services, they do not hesitate to complain to the ISP’s staff as well as to other people in their personal network such as their friends and their families. The possibility of complaining to other customers or even switching to other service providers is also higher for heavy users compared to light or medium users. In other words, an ISP which fails to deliver on their promise are more likely to experience negative word of mouth and higher churn rates from heavy Internet users. In this section these four service quality elements are investigated with respect their influence on customers’ complaining intention. Results from multiple regression analyses are shown in Table 1.

In general, only network quality and information support have significant effects on intention to complain. However the effects of all four aspects in ISP service quality on complaining intention vary across light, medium and heavy users. Only the quality of information support urges heavy and light users to complain while poor network performance results in complaints among medium users. Further analyses were carried out to test the effects of service quality aspects on the criterion variable by dropping the factors that were not significantly associated with complaining intention. The beta values for these variables are also presented in Table 1.

Table 1: Results for the relationships between customer perceptions of service quality, and intention to complain, beta coefficients

<table>
<thead>
<tr>
<th></th>
<th>Total Intention to complain</th>
<th>Total Intention to complain (after dropping insignificant factors)</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Light users</td>
<td>Medium users</td>
</tr>
<tr>
<td>NQ</td>
<td>-</td>
<td>-.057</td>
</tr>
<tr>
<td></td>
<td>*</td>
<td></td>
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<tr>
<td>CS</td>
<td>.004</td>
<td>.015</td>
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<td></td>
<td></td>
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<tr>
<td>IW</td>
<td>.158**</td>
<td>-.130*</td>
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<tr>
<td></td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>SP</td>
<td>-.013</td>
<td>-.046</td>
</tr>
</tbody>
</table>

Model summaries for complaining intention

<table>
<thead>
<tr>
<th></th>
<th>Model summaries for complaining intention (after dropping insignificant factors)</th>
</tr>
</thead>
<tbody>
<tr>
<td>R² (total) = .049, f(4, 2054) = 26.176</td>
<td>R² (total) = .047, f(4, 2054) = 52.296</td>
</tr>
<tr>
<td>R² (light users) = .036, f(4,583) = 5.514</td>
<td>R² (light users) = .032, f(4,583) = 19.667**</td>
</tr>
<tr>
<td>R² (medium users) = .051, f(4,468) = 6.3</td>
<td>R² (medium users) = .045, f(4,468) =</td>
</tr>
</tbody>
</table>
4.4 Switching behaviour

With regard to the switching experience owning to the high churn rate experienced by this industry, it is not surprising that more than 50% of the respondents in this survey have used other ISPs before. However, it is noticeable that nearly 80% of heavy users agreed that they switched their service providers previously. This confirms that heavy users are more likely to switch than the other two segments. In terms of switching behaviour (Table 2), more than 50% of heavy users chose poor Internet service performance as the reason why they changed their service provider. The second reason was poor customer service followed by less promotional package. Only 24.7% of heavy users switched because of the price of the services.

It appears that customers belonging to this group of users focus more on the core performance of Internet service performance (i.e. 50.6%). They are less concerned with the monetary cost that they have to pay (24.7%) or the promotional package (i.e. 38.5%) when comparing to the Internet service performance. On the other hand, medium users are most likely to switch when they perceive poor Internet service (i.e. 41.5%) or experience bad customer service (i.e. 40.8%). Light users appear to be equally concerned regarding customer service (i.e. 40.3%), poor Internet service performance (i.e. 39.1%) as well as promotional package (i.e. 39.1%). It can be concluded that although heavy uses relate their switching decision predominantly to Internet performance, all the three groups consistently consider poor Internet service performance, poor customer service, and less promotional package as the top three reasons to switch.

Table 2: Reasons to switch

<table>
<thead>
<tr>
<th>Reasons to switch to other ISPs</th>
<th>Heavy user</th>
<th>Medium user</th>
<th>Light user</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less promotional package</td>
<td>38.5%</td>
<td>33.8%</td>
<td>38.5%</td>
</tr>
<tr>
<td>Poor Internet service performance</td>
<td>50.6%</td>
<td>41.5%</td>
<td>39.1%</td>
</tr>
<tr>
<td>High price</td>
<td>24.7%</td>
<td>24.7%</td>
<td>25.0%</td>
</tr>
<tr>
<td>Poor customer service</td>
<td>42.7%</td>
<td>40.8%</td>
<td>40.3%</td>
</tr>
<tr>
<td>Other reason</td>
<td>25.2%</td>
<td>22.1%</td>
<td>22.4%</td>
</tr>
</tbody>
</table>

Table 3: Results for the relationships between customer perceptions of service quality, and intention to switch, beta coefficients

<table>
<thead>
<tr>
<th></th>
<th>Intention to switch</th>
<th>Intention to switch (after dropping insignificant factors)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>Total</td>
<td>Total</td>
</tr>
<tr>
<td>Light users</td>
<td>Mediu m users</td>
<td>Heavy users</td>
</tr>
<tr>
<td>NQ</td>
<td>.122**</td>
<td>.088</td>
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<tr>
<td>.197**</td>
<td>.119**</td>
<td>.122**</td>
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<tr>
<td>.280**</td>
<td>.159**</td>
<td></td>
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</table>
Results from regressing switching intention against four service quality aspects are shown in Table 3. For all participants, customer perception of network quality, customer service, information support, and security and privacy are negatively related to switching intention. While the core ISP service offering, network quality, is predominant in determining the intent to switch, customer service and security and privacy are least influential. As expected, the effects of all four ISP service quality aspects on customers’ intention to switch are different among light, medium and heavy users. Network quality are important in determining both medium users and heavy users’ switching intention whereas light users are more motivated to switch when encountering bad information support. Furthermore, it is noticed that customer service is only negatively and significantly associated with switching intention of heavy users. These findings are confirmed by further analyses in which insignificant factors are dropped. The beta values for these variables are shown in Table 3.

### 5. Discussion and Implications

This research aims to provide a holistic picture of customers in the home Internet services in Thailand. It has developed an understanding of consumer buyer behaviour including their demographic profile, complaining and switching behaviour with a view to achieving the foundation for customer retention strategies. It contributes towards a new body of knowledge with regards to the future potential of ISPs. This study highlights the importance of segmentation, and in this regard customers’ usage pattern is one of the bases of segmentation which was addressed. Practically, ISPs need to consider customer usage patterns to service their customers better. The findings of this study would certainly benefit ISPs in countries with similar market characteristics to Thailand, for example Malaysia, Vietnam, the Philippines and India (Jahanzeb, Fatima, & Khan, 2011).

This study highlights the importance of segmentation, and in this regard customers’ usage pattern may be one of the bases of segmentation to be addressed. Practically, ISPs need to consider customer usage patterns to service their customers better. The findings demonstrate...
that Internet customers are not homogeneous. Understanding customer characteristics is critical to retaining them. For instance, heavy users are more aggressive than the other two segments in responding to service failure. When experiencing problems with the services, they do not hesitate to complain to ISP staff as well as other people in their personal network such as their friends and their families. The possibility of complaining to other customers or even switching to other service providers is also higher for heavy users compared to light or medium users.

These findings also demonstrate that all the three user groups consider Internet service performance, customer service, and promotional package as the top three motivations for switching as well as for recommending their current ISP. However, each group attaches different levels of importance to the three above mentioned reasons. For example, while heavy users consider a failure of Internet service performance the primary reason for changing service providers, poor Internet performance and customer service are almost equally chosen by medium users and light users as their rationale for switching. Therefore, ISPs should address the issues that are relevant to specific customer segments in order to maximise the use of its resources and become more market oriented.

6. References
Assael, H. (2005). A demographic and psychographic profile of heavy Internet users and users by type of Internet usage *Journal of advertising research, 45*(1), 93-123.


Mall Shopping Behaviour of Mature Shoppers in Port Elizabeth: A Follow-Up Study

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Abstract
The main objective of this study was to execute a follow-up investigation on mall shopping amongst mature shoppers in Port Elizabeth. A preliminary study showed that mature consumers have specific needs and preferences that shopping mall managers should consider if serious about targeting mature customers. A conceptual model derived from theory guided the investigation comprising of a qualitative and quantitative component. Focus group interviews revealed critical perceptions regarding service delivery at shopping malls. The follow-up survey (n = 1291) tested seven hypotheses derived from the model. Structural equation modelling showed significant relationships between various determinants influencing respondents’ mall shopping behaviour with adequate fit indices (GFI=0.91 and RMSEA=0.05). The results confirmed convergent and discriminant validity of a model comprising Mall shopping anticipation, Mall shopping experiences and Mall shopping patronage. These results have important implications for change agents, serious about promoting shopping malls amongst mature shoppers.

Keywords: mature consumers, mall shopping, marketing change agents.
Track: Consumer behaviour

1. Introduction
The mature market (consumers over the age of 55 years) is often ignored in the market place as many retailers target consumers in their teens or early adulthood (Lee 1997). In South Africa approximately 7.8% (4.15 million) residents are over the age of 60 (Statistics South Africa 2013) with an estimated 40 percent of this cohort, being classified as affluent and residing within the metropolitan areas of the country (Benecke, Frey, Chapman and Mashaba 2011). Although many mature couples may fall in the lower Living Standard Measure (LSM) 1-4 groups, compared to the wealthier LSM 8-10 groups, most mature households have substantial discretionary income due to accumulated savings and few dependents to care for.

A number of studies have documented the attractive financial status of the mature segment (Moschis, Bellenger and Curasi 2003, Hu and Jasper 2007, Laukkanen, Sinkkonen, Kivijarvi and Laukkanen 2007). According to the McKinsey Report (2009) asset classes in the mature market in South Africa are likely to grow more rapidly in the near future due to the rise in household income and saving patterns of aging individuals.

2. Literature Review
Despite the growing importance of the mature consumer market it is often considered the least understood market and treated as a homogeneous stereotypical group of old people with limited financial resources (Lazer 1986). The AT Kearney report (2011) demonstrated that the mature consumer shops very differently from the younger generation. Although most retailers focus on speed, prices and competitiveness, mature consumers are more demanding on quality and services and are less price sensitive. In South Africa Deloitte’s Year-en Holiday Survey (2013) reported that the younger population aged 18 to 24 were more enticed by shops that offer a large selection of products, compared to the convenience of shopping desired by the more mature shopper aged 55+. Fashion-conscious consumers, especially
women in the age category 45+ perceived in-store experience, advice and convenience to be critical differentiators in store choice (George, 2013).

It seems that due to its size and potential spending power, the mature market in South Africa deserves closer attention from both the retail industry and academia. Mature consumers should be viewed as important customers by mall operators, given on average their high discretionary income and ample time to patronage shopping malls. Harris (1993) alludes to the fact that today’s senior citizens is living a more active and positive life. They are open to buying new products, planning and engaging in new activities such as exploring different shopping malls. Their store preferences and the role of marketers as change agents in promoting mall shopping amongst mature shoppers are thus the focus point of this investigation. A theoretical model constructed and tested in a preliminary study (Rousseau and Venter 2014) guided the research process. The model was derived from current literature and served as a basis for formulating hypotheses.

In the model purchasing motives have been categorized as personal, emotional, environmental and situational based on previous research by Hu et al. (2007), Liaw (2007), Meneely, Strugnell and Burns (2009) Petermans and Van Cleempoel (2010) and Walker and Mesnard (2012). These authors found that mall shopping anticipation (MSA) are derived from personal and emotional factors whilst mall shopping experiences (MSE) are derived from mall environment and situational factors. Personal factors in the model refer to customer needs, lifestyles and values while emotional factors refer to pleasurable experience and service quality. Mall environment refer to location, design and safety/security while situational factors refer to prices, quality of goods, assortment, variety and parking facilities. Based on the above research it was hypothesized that relationships exist between mall shopping anticipation and personal factors ($H_1$), between mall shopping anticipation and emotional factors ($H_2$) as well as between mall shopping experiences and mall environment ($H_3$) and mall shopping experiences and situational factors ($H_4$).

As suggested in the literature (Du Plessis & Rousseau 2007) the total shopping experience will determine the extent to which expectations have been met or realised in practice. This issue relates to the disconfirmation paradigm which states that when a discrepancy, positive or negative exist between expectations and actual performance it will result in either post purchase satisfaction or dissatisfaction with a product or service. Consequently the following hypothesis was formulated. A relationship exists between mall shopping anticipation and mall shopping experience ($H_5$).

Mall shopping patronage (MSP), viewed as repeat visits or mall loyalty may also be regarded as a function of actual buying behaviour i.e. purchasing frequency or absence. When customers are dissatisfied with various features of a shopping mall or the quality and assortment of merchandise, they will purchase less or no items, resulting in a waste of time. Purchase frequency can therefore be viewed as an indication of mall patronage. Many authors (Pettigrew, Mizerski and Donavon 2005; Patterson 2007, Huey 2011) have found that increased store loyalty amongst older consumers relate to the extent to which they receive personal attention and value a brand and the shopping mall’s reputation. Dholakia (1999) suggests that satisfaction with an activity is a necessary precondition for repeat purchases, especially when product or store choice exists. Wesley, Le Hew and Woodside (2006) support this view that mall satisfaction influences intentions to visit a mall.
Mosches et al. (1995) observed that many older adults appear to be loyal to retail outlets, especially when the variety of quality products and services are promoted primarily for older persons. Clifton (2001) reported that shopping location enhanced quality of life in that seniors did not have to travel long distances to shopping malls. Huey (2011) emphasizes that the informational approach is usually successful with seniors as they are often sceptical and distrustful of new innovations. Since their buying habits are conservative they want specific “reasons why” they should buy. From the above it can be assumed that purchasing behaviour (i.e. frequency, location, and nature) of mature consumers is related to mall patronage. Consequently the following hypotheses were formulated for testing: *A relationship exists between mall shopping anticipation and mall shopping patronage (H₆) and between mall shopping experience and mall shopping patronage (H₇).*

3. Method

**Instrument:** A list of seven key questions, based on the literature (Hu et al. 2007) guided the focus group interviews. These questions intended to capture an overall impression and perceived image of shopping malls in Port Elizabeth. For the survey, a questionnaire was constructed based on responses obtained from the focus groups, items used in previous studies (Moschis, Sneath and Mathur 1995; Wesley, Le Hew and Woodside 2006; Hu et al. 2007) as well as new items derived from literature on mature shopping behaviour. The questionnaire consisted of 45 five-point Likert type items relating to the variables portrayed in the model. The first fifteen items focused on personal and emotional factors as drivers of mall shopping anticipation, the next twenty one items on mall environment and situational factors as drivers of mall shopping experiences and the last nine items on mall shopping patronage. The mediating variables in the model, i.e. Mall shopping anticipation and Mall shopping experiences were measured as the summated scores of the independent variables relating to personal, emotional, mall environment and situational factors, respectively. The questionnaire concluded with measures of several demographic variables: employment status, age, gender, and marital status.

**Sample:** As part of the initial qualitative research, four focus group meetings were conducted in October 2010, comprising of ten respondents per group. Subsequently three non-probability convenience samples were drawn from shopping mall consumers in Port Elizabeth in February 2011, 2013 and 2014 using the instrument described above. The focus groups and survey respondents were all 55 years or older.

**Data collection:** Students from the Nelson Mandela Metropolitan University carried out the fieldwork for the survey research. They completed a briefing session on how to be patient and courteous when dealing with mature consumers. Few respondents declined to participate as they regarded their views to be important to mall operators and managers.

**Data analysis:** Data analysis from the focus group interviews comprised content analysis of each focus group session resulting in about 200 pages of transcripts. Themes were identified for each question and subsequently categorized into meaningful groups of concerns, ideas, attitudes and feelings. Once the categories were established content of the interviews were sorted for further comparison (Straus & Corbin 1990; Cooper & Schindler 2006). For the survey two statistical software applications were used for data analysis. SPSS (2010) was used to calculate descriptive statistics and to perform exploratory factor analysis. AMOS (2010) computer programme version 21.0 was then used to perform confirmatory factor analysis and structural equation modelling to test the hypotheses portrayed in the model.
4. Results

Table 1 summarises some of the typical favourable and unfavourable perceptions from the four focus groups regarding consumers’ perceived image of shopping malls in Port Elizabeth.

Table 1: Consumers’ typical favourable and unfavourable perceptions of shopping malls

<table>
<thead>
<tr>
<th>Perceptions</th>
<th>Category</th>
<th>Illustrative comments (including participant)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Favourable</td>
<td>Attractions</td>
<td>“There are coffee shops where you can eat and relax”, “I often go to the movies in the shopping malls”</td>
</tr>
<tr>
<td></td>
<td>Atmosphere and ambience</td>
<td>“Friendly and helpful employees create a pleasant atmosphere”, “I prefer smaller shops in most shopping malls”</td>
</tr>
<tr>
<td>Unfavourable</td>
<td>Store traffic</td>
<td>“Greenacres are very noisy and too busy”, “I do not like long queues at the pay points”</td>
</tr>
<tr>
<td></td>
<td>Service delivery</td>
<td>“There are no customer service in South Africa”, “Shops should have competent employees that know their departments in order to help you quickly and sufficiently”</td>
</tr>
<tr>
<td></td>
<td>Special needs</td>
<td>“There are not enough stores to attract mature shoppers”, “More specialized stores for mature shoppers clothing needs are required”</td>
</tr>
</tbody>
</table>

Table 1 shows that participants appreciated some of the attractions shopping malls offered. Their unfavourable responses focused strongly on poor service delivery and the special needs of mature shoppers, which respondents believed would attract more mature shoppers to shopping malls in Port Elizabeth. The findings reflected in Table 1 support the notion that older respondents are more critical in their perceptions of service delivery at shopping malls compared to younger shoppers as they were raised in a different era (Goodwin & McElwee 1999). In summary it was clear from the focus groups’ responses that mature shoppers were not fully satisfied by their shopping mall experiences and that changes are required with regard to the services provided by shopping malls.

Item analysis of the survey results (2011, 2013 & 2014) revealed acceptable reliability for all the factors scores as reflected in Table 2.

Table 2: Cronbach's alpha coefficients

<table>
<thead>
<tr>
<th>Personal Factors</th>
<th>Emotional Factors</th>
<th>Mall Shopping Expectations</th>
<th>Mall Environment</th>
<th>Situational Factors</th>
<th>Mall Shopping Experience</th>
<th>Mall Shopping Patronage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.54</td>
<td>0.55</td>
<td>0.67</td>
<td>0.56</td>
<td>0.65</td>
<td>0.61</td>
<td>0.51</td>
</tr>
</tbody>
</table>

Figure 1 portrays the survey results for testing the research model on factors influencing mall shopping behaviour of mature shoppers. The figure shows relationships amongst mall shoppers store patronage according to Pearson’s product-moment correlations.
Whilst the Chi-square statistic exceeded the recommended threshold value ($\chi^2$/d.f>3.00), which can be ascribed to the large sample size (n = 1291), the observed goodness of fit indices meet the recommended requirements (Browne & Cudeck, 1992) in terms of the Root Mean Square Error (0.05<RMSEA<0.08) and Goodness of Fit Index (GFI>0.90). Thus we are able to conclude that the model comprising Personal factors, Emotional factors, Mall environment, Situational factors and Mall shopping patronage with Mall shopping anticipation and Mall shopping experience as mediating variables demonstrates convergent and discriminatory validity. All the observed path coefficients were significantly greater than the statistical significance critical value ($r>.055$) which confirms all the hypotheses of the study portrayed in Figure 1.

The mean factor scores for the three surveys are portrayed in Figure 2. It is apparent that very consistent mean factor scores were observed for the three surveys, which is further evidence of the reliability of the scores derived from the instrument used. Five of the factors (PF=Personal factors; ME=Mall environment; SF=Situational factors; MSE=Mall shopping experience; MSP=Mall shopping patronage) obtained mean scores in the positive range of the 5-point Likert scale (3.4-4.2) whilst the remaining two (EF=Emotional factors; MSA=Mall shopping anticipation) obtained highly positive mean scores (4.2-5.0).

**Figure 1: Factors influencing mature shoppers’ mall shopping behaviour**

**Figure 2: Mean factor scores - Surveys 2011, 2013 and 2014**

<table>
<thead>
<tr>
<th>Factors</th>
<th>2011 (n=680)</th>
<th>2013 (n=338)</th>
<th>2014 (n=273)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PF</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EF</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MSA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ME</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SF</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MSE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MSP</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Model Fit Indices:

RMSEA = .05; GFI = 0.91

$\chi^2 = 1796.59$, d.f. = 452,
5. Conclusion

The purpose of this study was to investigate mall shopping preferences and patronage amongst mature shoppers and the role that marketers, as change agents, can play to promote mall shopping amongst mature shoppers. A conceptual model derived from theory guided the investigation which comprised of a qualitative and quantitative component. Results from a preliminary study conducted in 2011 emphasized the need to further investigate mall shopping behaviour amongst mature shoppers in Port Elizabeth. Thus follow-up surveys were conducted. The SEM results for the surveys support the literature on the existence of the relationships among the factors depicted in the model.

The only factors to obtain highly positive mean scores were those related to consumers’ expectations, i.e. Emotional factors and Mall shopping anticipation, whilst those related to consumers’ experiences, i.e. Personal factors, Mall environment, Situational factors; Mall shopping experience and Mall shopping patronage, obtained less positive mean scores. These results, although positive, shows room for improvement and it is thus imperative that change is required at shopping malls to fully satisfy the special needs of mature shoppers.

Marketers as change agents: Mean factor scores portrayed in Figure 2 suggest that hardly any change occurred since 2011 in meeting mature consumers’ special mall shopping needs. This implies that retailers and shopping mall managers may require a paradigm shift when designing retail chains, catering for the special needs of mature customers. They should provide efficient security, safe parking areas, in store benches for disabled shoppers and store layouts that ensure ease of entry and exit. Results further suggest that mature shoppers want reasonably priced quality products in easy-to-open packages with easy-to-read labels, especially with regard to nutrition and health products. These findings have implications for shelf layout, packaging and clear labelling. Store managers must understand that, compared to younger working class shoppers, who are busy raising their families, have limited time for shopping and want to leave stores as soon as possible, mature shoppers are wiser, more experienced, and have plenty of time for scrutinising merchandise as well as for gathering information before making a decision. They also look for social and leisure experiences. Coffee shops and cinemas in malls are therefore appreciated by this market segment.

Limitations and implications for further research: A major limitation of the study was that it was restricted to predominantly Port Elizabeth residents. Further research is required to investigate mature shoppers’ shopping mall patronage in the other metropolitan regions in South Africa. Further research is also required to improve the reliability indicators of the summed factor scores. A shorter questionnaire may address this issue as many elderly people may find it difficult to concentrate on evaluating 45 items objectively. Senior citizens are a difficult group to research due to their diverse opinions regarding mall shopping behaviour. Despite these limitations mature shoppers remain an important market segment in South Africa that need to be continuously monitored by marketers as change agents, due to their potential purchasing power.

References


Abstract

The paper seeks to further understand the sport market structure. In doing so it considers whether New Zealand sport event markets follow the Duplication of Purchase Law or whether they are highly demographically segmented. It analyses a single source data set of consumer demographic profiles relating to Rugby, Cricket, Motor Sports, Horse Racing, Soccer, Basketball, Tennis, League and Golf tournaments. While the events appear to follow the duplication of purchase law there are some minor variations with the social-economic and ethnicity variables. Sport events are significant components of both lifestyle and city and regional macroeconomic calculus. Further research could be undertaken to assess possible lifestyle segmentation variables. Similarly, research could consider if there is possible partition in the sport event market that could benefit from the bundling of sport events.

Keywords: Duplication of purchase, sport event, brand, New Zealand

Track: Consumer Behaviour

Introduction to Sport Events and Markets

The role of sport events in attracting visitors to a rural location, a city, a state or a country has received extensive investigation (Chalip & Costa, 2005; Rein & Shields, 2007; Xing & Chalip, 2006). There is also considerable discussion as how best to maximise the advantages of hosting sport events, with a growing literature base assessing the role of sport events in changing the image, and affecting the brand equity of a destination (Chalip & Costa, 2005; O'Brien & Chalip, 2008; Robertson, Newland, & Darby, 2014). For the sport event funding agencies and destination management organisations responsible, two outcomes desired as part of that process are, first, how to extend market interest, and, secondly, finding ways in which to bundle destination products (Chalip & McGuirty, 2004; Smith, 2007). Central to both these aspirations is a search for a more profound understanding of sport events market (audience) attitudes and behaviours (Kaplanidou, 2009).

Thus, in helping to understand the sport events market this paper considers two important marketing concepts; the Duplication of Purchase Law, and market segmentation. In doing so it asks whether the New Zealand sport events market follows the Duplication of Purchase Law or is it highly segmented. Insights are provided relative to potential means of extending market interest, and approaches to bundling destination ‘products’ in the form of professional sport events.

Duplication of Purchase

The Duplication of Purchase law had its origin in audience research starting with Agostini (1961, 1962) examining French magazines. Ehrenberg and Goodhardt (1969), Goodhardt (1966), Goodhardt and Ehrenberg (1966, 1969), and Goodhardt, Ehrenberg and Collins (1975) undertook extensive research considering duplication of television audiences. Headen, Klompmaker and Rust (1979) extended this to US television viewing. With over ten year’s research into audience research behaviour, Ehrenberg and Goodhardt developed what they called the ‘Duplication of Viewing law’ one of the few “laws” in marketing. It was further
extended into the ‘Duplication of Purchase law’ (Ehrenberg, 1988) where it was defined as “buyers of one brand generally purchase other brands strictly in proportion to that other brand’s penetration” (p.353). Following the work on audience duplication in television, extensive research was undertaken using the Duplication of Purchase law in fast moving consumer goods (see Uncles, Ehrenberg and Hammond, 1995); and radio (see Lees and Wright 2013). However, no research has extended it to professional sports. Therefore, this study follows on from the original Ehrenberg and Goodhardt research into television viewing and the Lees and Wright research into radio listening, considering if the Duplication of Purchase law applies to professional sport events.

Thus, it is proposed that a Duplication of ‘Sport Event Purchasing’ law could predict that event goers to one type of sport event will attend a second event strictly in line with the market penetration of the other event. Therefore, the expected duplication (b) of sport event goers for different events x and y can be expressed as $b_{xy} = D.b_x$; D being the duplication coefficient which is constant for all sport events. If there are partitions in the sport event market place, then it is expected that the Duplication of ‘Sport Event Purchasing’ law will apply within each separate partition. A key implication of the law is that average duplication for a brand will vary in line with its market penetration.

If the Duplication of Sport Event Purchasing law adequately explains competition without marketplace partitions, there may be little variation left to be explained by the appeal to niches, or segments, as is often claimed in the marketplace. This is because one of the major assumptions behind the Duplication of Purchase Law is the lack of segmentation in the market place. If in fact markets are, in general, not partitioned and brand switching is heavily correlated to market penetration then it is unlikely that those market places are segmented. This study then tests that assumption by considering whether there are any demographic segments within the sport event market.

**Market Segmentation**

Ever since Smith (1956) introduced the term ‘differentiation’ the targeting of unique segments of any market has been identified as an important marketing activity (Dickson & Ginter, 1987; Smith,1956; Wind, 1978). Segmentation is seen as a first step in any marketing strategy as it is the basis upon which targeting and positioning strategies are developed (McDonald & Dunbar, 1998; Yankelovich, 1964). There are a number of academic papers and industry case studies arguing the importance of the practise of segmentation, however, research on successful implementation of segmentation and targeting is rare. There have been concerns raised about the ability to successfully implement a segmentation programme (e.g., Dibb, 1999), whether segmentation can practically work in a market (e.g. Danneels, 1996), or whether segments do actually exist in markets, or remain stable over time if they are found (Esslemont & Ward, 1989; Hoek, Gendall, & Esslemont, 1993). Further, there have also been questions raised on the validity of targeting (Wright, 1996; Wright & Esslemont, 1994). Few studies have considered the success of segmentation or targeting at an aggregate level by reviewing consumer profiles of competitive brands. Previous empirical studies on consumer profiles of different markets with large databases indicate that successful implementation of segmentation is rare. Research conducted on consumer profiles in a range of consumer markets (Hammond, Ehrenberg & Goodhardt, 1996; Kennedy & Ehrenberg, 2001a; Uncles, Kennedy,Nenycz-Thiel, Singh, & Kwok 2012), television viewing (Barwise & Ehrenberg, 1988) radio listening (Nelson-Field, Lees, Riebe, & Sharp, 2011; Nelson-Field & Riebe, 2010; Winchester & Lees, 2013) and financial markets (Lees & Winchester 2014) have found very little evidence of successful segmentation or targeting.
Research Methodology
The data used in this study was collected through Roy Morgan’s New Zealand Single Source Surveys in 2011 (Roy Morgan Research, 2013). This was done via personal interview with individual respondents and a sample of around 12,000 each year was achieved. Around 1,100 respondents over 14 years of age are interviewed each month (over 48 weeks) from all around New Zealand. The professional sport events on which data has been collected are: Rugby Union; Cricket; Motor Sports; Horse Racing; Soccer; Basketball; Tennis; and Golf Tournaments.

The method for the Duplication of Purchase analysis follows Ehrenberg (1988) whilst the segmentation analysis was informed by Kennedy and Ehrenberg (2001a), who devised a simple yet effective method for determining differences in profiles of customers for competitive brands. Each brand’s customer profile is simply compared to the average brand to look for large deviations, which would be expected if brands were successfully targeting different segments of consumers. Deviations of more than five percentage points are highlighted.

Results and Discussion
Table 1, illustrates the Duplication of Purchasing between the Major Professional Sports Events in New Zealand with the average duplications, market penetrations, expected duplications and the difference between the expected duplication and the average duplication being shown in the bottom three rows.

<table>
<thead>
<tr>
<th>Penetration Ratio</th>
<th>Rugby Union</th>
<th>Cricket</th>
<th>Motor Sport</th>
<th>Horse Racing</th>
<th>Soccer</th>
<th>NRL</th>
<th>Basketball</th>
<th>Tennis</th>
<th>Golf</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rugby Union</td>
<td>18</td>
<td>24</td>
<td>11</td>
<td>15</td>
<td>10</td>
<td>11</td>
<td>7</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Cricket</td>
<td>8</td>
<td>54</td>
<td>12</td>
<td>15</td>
<td>18</td>
<td>13</td>
<td>9</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Motor sport</td>
<td>5</td>
<td>38</td>
<td>19</td>
<td>14</td>
<td>10</td>
<td>10</td>
<td>8</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Horse racing</td>
<td>5</td>
<td>53</td>
<td>24</td>
<td>14</td>
<td>13</td>
<td>11</td>
<td>7</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Soccer</td>
<td>5</td>
<td>37</td>
<td>30</td>
<td>10</td>
<td>14</td>
<td>12</td>
<td>12</td>
<td>10</td>
<td>3</td>
</tr>
<tr>
<td>NRL</td>
<td>4</td>
<td>47</td>
<td>25</td>
<td>12</td>
<td>13</td>
<td>13</td>
<td>12</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>Basketball</td>
<td>2</td>
<td>51</td>
<td>29</td>
<td>16</td>
<td>14</td>
<td>22</td>
<td>21</td>
<td>16</td>
<td>3</td>
</tr>
<tr>
<td>Tennis match</td>
<td>2</td>
<td>44</td>
<td>25</td>
<td>14</td>
<td>14</td>
<td>27</td>
<td>17</td>
<td>22</td>
<td>6</td>
</tr>
<tr>
<td>Golf</td>
<td>1</td>
<td>50</td>
<td>32</td>
<td>13</td>
<td>21</td>
<td>13</td>
<td>5</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td>Average</td>
<td>6</td>
<td>47</td>
<td>26</td>
<td>13</td>
<td>15</td>
<td>16</td>
<td>13</td>
<td>11</td>
<td>8</td>
</tr>
<tr>
<td>Expected</td>
<td>54</td>
<td>24</td>
<td>15</td>
<td>15</td>
<td>14</td>
<td>13</td>
<td>7</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Ave - Exp</td>
<td>-7</td>
<td>2</td>
<td>-2</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>3</td>
<td>3</td>
<td>0</td>
</tr>
</tbody>
</table>

* Totals may not add correctly due to rounding

The D coefficient for each combination of sport events can be calculated by taking the raw number of attendees for each that go to another sport event and percentaging that on the total
number of attendees to the sport event. In calculating the expected duplication (Cumulative Audience x D Value) the D value can be defined by calculating a D value for each pair of sport events recorded by the respondents. The average of these computations will then be calculated having weighted each initial calculation by the number of sport events for each combination. However, the D value can also be quickly calculated by dividing the average duplication by the average penetration. That is the method used in this study and the D value coefficient used to calculate the expected duplications in Table 1 was 3.039 (3.0). The correlation between the average duplication and the expected duplication in Table 1, was 0.99, \( r^2 = 0.99 \) indicating a very good fit. In considering the actual differences between the average duplication and the expected duplication there is a Median Absolute Deviation (MAD) of 2.1.

The major deviation between the average and expected duplications is rugby union. This deviation is partly expected due to the dominance of rugby union as a sport within New Zealand. Its market penetration is more than double the next highest sport. Schmittlein, Bemmoar and Morrison (1985) show that major brands may have a triple jeopardy effect; that is not only do more people buy them they have an increased level of sole loyalty which is then reflected in a lower than expected duplication.

However, as can be seen from Table 1, there are a number of combinations of professional sports where the duplication between sport events is either much higher or much lower than predicted. For instance, it can be seen that tennis has a greater sharing than expected with soccer and basketball, whereas, soccer has a lower than expected sharing with rugby union. These duplications or deviations from the Duplication of Purchase Law require further analysis. They could represent a partition in the market and functional differences or segmentation among the sports followers.

**Market Segmentation**

In considering whether the sport events market is segmented this study considers the following variables, gender, age, socio-economic, and ethnic profile. The first segmentation variable to be explored is gender in Table 2.

**Table2: Gender profile of attendees at professional sport events**

<table>
<thead>
<tr>
<th></th>
<th>Proportion by gender</th>
<th>Deviation by gender</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Rugby Union</td>
<td>66</td>
<td>34</td>
</tr>
<tr>
<td>Cricket</td>
<td>73</td>
<td>27</td>
</tr>
<tr>
<td>Motor sport</td>
<td>73</td>
<td>27</td>
</tr>
<tr>
<td>Horse racing</td>
<td>56</td>
<td>44</td>
</tr>
<tr>
<td>Soccer</td>
<td>71</td>
<td>29</td>
</tr>
<tr>
<td>NRL</td>
<td>63</td>
<td>37</td>
</tr>
<tr>
<td>Basketball</td>
<td>62</td>
<td>37</td>
</tr>
<tr>
<td>Tennis match</td>
<td>59</td>
<td>41</td>
</tr>
<tr>
<td>Golf</td>
<td>68</td>
<td>32</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td>66</td>
<td>34</td>
</tr>
</tbody>
</table>

Table 2, presents the gender profile for each of the nine main professional sport events in New Zealand. Columns two and three present the proportion of men and women who are
customers of each of the sport events by market share, along with an average across all brands in the last row. Columns four and five present the deviations from the average for each sport. The results suggest there is a notable difference in customer profile for five of the top sport events on gender. It identifies that males out number females as the main attendees by a ratio of almost 2:1. However, tennis and horse racing appear to attract a higher than average female audience, whereas, both cricket and motor sports attract a higher male audience. For all other codes there is no noticeable deviation from the average. Table 3, presents the deviation from average brand for age group for the five events.

Table 3: Age profile of attendees at professional sport events

<table>
<thead>
<tr>
<th>Deviation from average for age group</th>
<th>14-17</th>
<th>18-24</th>
<th>25-34</th>
<th>35-49</th>
<th>50-64</th>
<th>65 and Over</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rugby Union</td>
<td>-3</td>
<td>1</td>
<td>0</td>
<td>6</td>
<td>-1</td>
<td>-4</td>
</tr>
<tr>
<td>Cricket</td>
<td>-2</td>
<td>5</td>
<td>3</td>
<td>0</td>
<td>-2</td>
<td>-3</td>
</tr>
<tr>
<td>Motor sport</td>
<td>-3</td>
<td>-1</td>
<td>3</td>
<td>5</td>
<td>2</td>
<td>-6</td>
</tr>
<tr>
<td>Horse racing</td>
<td>-3</td>
<td>-3</td>
<td>1</td>
<td>0</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Soccer</td>
<td>4</td>
<td>4</td>
<td>-3</td>
<td>6</td>
<td>-5</td>
<td>-6</td>
</tr>
<tr>
<td>NRL</td>
<td>-3</td>
<td>6</td>
<td>4</td>
<td>3</td>
<td>-4</td>
<td>-6</td>
</tr>
<tr>
<td>Basketball</td>
<td>5</td>
<td>5</td>
<td>1</td>
<td>-3</td>
<td>-3</td>
<td>-6</td>
</tr>
<tr>
<td>Tennis match</td>
<td>10</td>
<td>-6</td>
<td>0</td>
<td>-5</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Golf</td>
<td>-9</td>
<td>-9</td>
<td>-11</td>
<td>-9</td>
<td>11</td>
<td>24</td>
</tr>
</tbody>
</table>

In line with the method used by Kennedy and Ehrenberg (2001a) deviations greater than five percentage points are highlighted. Like the findings for gender, the age segmentation variable does present a few deviations from average. For example, golf appears to have a much higher proportion of older attendees whereas tennis has a slightly younger customer base. It is also interesting to note that people over 65 are less likely than the population as a whole to attend sport events other than golf. Table 4 presents the results for socio-economic quintiles.

Table 4: Socio-economic profile of attendees at professional sport events

<table>
<thead>
<tr>
<th>Deviation from average brand for socio-economic group</th>
<th>AB</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>FG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rugby Union</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>-2</td>
</tr>
<tr>
<td>Cricket</td>
<td>6</td>
<td>4</td>
<td>-1</td>
<td>-3</td>
<td>-5</td>
</tr>
<tr>
<td>Motor sport</td>
<td>-9</td>
<td>0</td>
<td>4</td>
<td>7</td>
<td>0</td>
</tr>
<tr>
<td>Horse racing</td>
<td>-4</td>
<td>2</td>
<td>-2</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Soccer</td>
<td>6</td>
<td>2</td>
<td>-4</td>
<td>-1</td>
<td>-3</td>
</tr>
<tr>
<td>NRL</td>
<td>-5</td>
<td>-2</td>
<td>5</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Basketball</td>
<td>0</td>
<td>2</td>
<td>-1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Tennis match</td>
<td>11</td>
<td>-3</td>
<td>1</td>
<td>-5</td>
<td>-2</td>
</tr>
<tr>
<td>Golf</td>
<td>-3</td>
<td>-4</td>
<td>3</td>
<td>-3</td>
<td>8</td>
</tr>
</tbody>
</table>

Again there does not appear to be much obvious segmentation between the various codes. Nevertheless, it can be seen that both cricket and tennis attract a higher level of the AB socio-economic group, whereas, motorsport does not. Golf on the other hand attracts a higher level of the FG socio-economic category. The last segmentation category to consider is ethnic groups and these are shown in Table 5.
Table 5: Ethnic profile of attendees at professional sport events

<table>
<thead>
<tr>
<th></th>
<th>Deviation from average brand ethnic groups</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Asian</td>
</tr>
<tr>
<td>Rugby Union</td>
<td>-3</td>
</tr>
<tr>
<td>Cricket</td>
<td>1</td>
</tr>
<tr>
<td>Motor sport</td>
<td>-4</td>
</tr>
<tr>
<td>Horse racing</td>
<td>-4</td>
</tr>
<tr>
<td>Soccer</td>
<td>3</td>
</tr>
<tr>
<td>NRL</td>
<td>-3</td>
</tr>
<tr>
<td>Basketball</td>
<td>4</td>
</tr>
<tr>
<td>Tennis match</td>
<td>7</td>
</tr>
<tr>
<td>Golf</td>
<td>-3</td>
</tr>
</tbody>
</table>

It appears that with ethnic groups some segmentation in the marketplace can start to be observed. For example, motorsport, horse racing and golf have strong deviations from the average towards Europeans compared with NRL which tends to be supported more by Maori and Pacifica peoples. In contrast, tennis has a deviation towards Asians and away from Europeans.

**Conclusion**

The aim of this paper was to make a contribution towards better understanding the sport events market, using New Zealand as a context through the lenses of the Duplication of Purchase law and market segmentation. The objective was to provide insights and understanding relative to means of extending market interest, and approaches to bundling destination ‘products’ in the form of professional sport events.

This in considering the Duplication of Purchase Law sport events followed it, in that attendance at events was highly correlated with market penetration. However, when considering if there were differing segments attracted to differing events the research showed some events e.g. golf attracted a much older audience while rugby league was supported more by Maori and Pacifica peoples. Thus, there is some evidence of demographic segments within the sport event market. However, in terms of absolute numbers rugby union has more than double the attendees from within the segments targeted by other codes. This suggests that further research could be undertaken exploring other possible segmentation variables including lifestyle and value segments. However, this preliminary research would indicate that such segmentation may not happen. Moreover, research could also consider if there may be possible partition in the sport event market that could lead to the bundling of events together. In conclusion, it is proposed that there may be some utility in the concept of a Duplication of Sport Event Purchasing law as a means of predicting consumer behaviour.

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Multiple-Cue Judgment: A New Way of Examining Consumer Decision Making?

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Abstract

In this paper a multiple-cue judgment task experiment with a low involvement purchase situation was used to examine consumer cognitive processes during purchase decision making. The experiment had a 2x2 factorial design where presentation format at training (analogue versus propositional: Between subjects) was crossed with presentation format at test (analogue versus propositional: Within subjects). The results showed that the use of exemplar memory dominated the purchase situation and that presentation format does not affect which cognitive process that is used. This supports the idea that multiple-cue judgment task experiments allow a more detailed description of which cognitive process consumer base their purchase decisions on. The findings confirm the use of exemplar memory in the low involvement purchase setting. The present study contributes with novel methodological and theoretical knowledge of consumer decision making.

Keywords: consumer decision making, low involvement, cognitive processes, multiple-cue judgment

Track: Consumer Behavior

Introduction

High and low involvement purchase behavior

Trying to distinguish different types of consumer purchase behavior, previous research has examined the field from the underlying unipolar dimension of degree of involvement (Baumgartner, 2009). Kassarjian (1981) increased the interest in involvement as a determinant of consumer behavior in the early 1980’s, and argued that purchase involvement is a function of the consumer, the product and the situational factors. The consumer factor indicates that some consumers find purchasing activities highly involving regardless of the product or situation. Purchase involvement depends on the characteristics of the product to be brought (Clarke and Belk, 1979; see also Hupfer and Gardner, 1971; Laurent and Kapferer, 1985; Ratchford, 1987; Zaichkowsky, 1985), and across consumers and situations, some products tend to generate more involvement than others. Laurent and Kapferer (1985) argue that product involvement will be high when the product is important to the consumer, when it has emotional appeal and when the product says something about the product user. Further, product involvement is influenced by situational factors, the nature of the buying task impacts consumers’ involvement in the purchase (Zaichkowsky, 1985). Zaichkowsky (1985) argues that situational factors should be regarded as qualifiers to involvement both at the product class or purchase level. Consumers’ low involvement in grocery shopping decisions can be attributed to the small difference between competing options and the low perceived risk (e.g., Dholakia, 2001; Hoyer and MacInnis, 2006). Even if there is strong evidence that the consumer behavior in this case could be defined as a low involvement action there exist exceptions (Beharrell and Denison, 1995).

Consumer cognitive processes

In previous studies consumer decision making has been associated with consumers’ limited cognitive ability to process large amount of information that accompanies extensive choice sets (Iyengar et al., 2006). Given the amount of choices consumers make each day, consumers
are not willing or even able to put a lot of time and effort to each and every choice (Iyengar and Lepper, 2000, Schwartz, 2004a; Fasolo et al., 2007) and therefore, using heuristics as mental shortcuts to minimize cognitive effort (Kahneman, 2011; Shah and Oppenheimer, 2008; Hilbig and Pohl, 2008). In the area of food choices alone, consumers are estimated to make over 200 choices per day (Wansink and Sobel 2007). The problem of consumer decision making is often explained by the number of products but also in the number of attributes necessary for making a decision (Fasolo et al., 2007). Another strategy to minimize the cognitive effort is to simply choose the product that has been chosen in the past. Jackson et al., (2006) argue that consumers follow established patterns of behavior and are rarely using conscious choice or rational deliberation. The discussion above shows that the cognitive effort consumers are willing to use during shopping are limited. Therefore, both contextual differences in the purchase situation and consumers cognitive ability must be considered to fully understand consumer decision making and choice.

One way to interpret cognitive processes is to assume that consumers use either exemplar memory or cue abstraction, or both, in their decision making process. The different cognitive processes imply different judgment results, where exemplar memory is interpreted as the most efficient way of making judgments and is often defined as fast, unconscious and similarity-driven which correspond to the limited cognitive ability, while using cue abstraction resulting more accurate judgments in a conscious, controlled sense (see for example Olsson, Enqvist and Juslin., 2006). Further, cue abstraction is similar to the decision making process that occur in high involvement purchase situations when consumers strive for maximization of the product judgment (e.g. when the willingness of using the cognitive effort is high). Therefore, it could be assumed that exemplar memory should be the cognitive process to use more frequently during low involvement purchase situations, and that consumers are more willing to use cue abstraction during high involvement purchase situations that imply conscious considerations. The purpose of the study is to examine if a low involvement context produce a particular cognitive process.

The study of Multiple-Cue Judgment
A typical multiple-cue judgment involves the idea that people mentally integrate cues according to a linear additive rule, a consumer may rely on different economic or quality indices (cues) to make a judgment of the future interest rate (the criterion). It is further routinely claimed that the imperfections in people’s judgments arise from cognitive capacity limitations, for example, in the attention span and short-term memory (e.g., Doherty and Balzer, 1988). The cognitive process of exemplar and cue abstraction models is distinctly different (Juslin et al., 2003). In exemplar memory the judgment is a weighted average of the criteria stored with the exemplars, where the weights are the probe-exemplar similarities (i.e., per a continuous version of the context model by Medin and Schaffer 1978, discussed further below) and the cue abstraction model implies representations of abstracted cue weights where the judgment is a weighted average of the cue values of the judgment probe across the cue dimensions, where the weights signify the importance of each cue.

The cognitive processes implied by the models are likewise different. Mental cue abstraction is commonly assumed to involve controlled mental processes that are constrained by working memory capacity. The representations are often assumed explicit cue-criterion rules that represent abstract knowledge, presumably retrieved from semantic memory (Schacter and Tulving, 1994). Exemplar memory is rapid, similarity-based and relies on holistic memory traces retrieved from episodic memory (Schacter and Tulving, 1994). These processes are
routinely contrasted as qualitatively different in the cognitive science literature (Hahn and Chater, 1998; Logan, 1988; Sloman 1996; Smith et al., 1998).

**Method**

*Participants*

In the experiment, thirty-two persons participated, divided equally between males and females, with an average age of 25 years. All participants were recruited from the same pool of undergraduate student at Umeå University and were rewarded with 50 SEK (app. 7 US $) for their participation in the experiments.

*Design and Procedure*

In the experiment the written instructions informed the participants that he/she was in the grocery store and was about to buy washing powder. The different washing powders differed in price level (from 3 to 13 US $) and their task was to judge the price of the washing powder according to four binary cues. The training phase provided trial-by-trial outcome feedback about the price (“This washing powder costs 7 US $”).

The stimuli set contain subgroups of washing powder varied in terms of four binary cues. For the washing powder the cues are: package (white or black), quantity (little/much (amount of washing powder that is required for one washing session), environmental certification (environmental sustainable certification/non environmental sustainable certification) and capacity (high/low clean wash in low temperature). The cues had the weights .4, .3, .2, and .1. The weights determine the portion of price that each cue adds to the total amount. Adding the weights of all cues with positive cue values (1) to the intercept .3 gives the total price of each subgroups of washing powder.

The design of experiment was a 2x2 factorial design where presentation format at training (analogue versus propositional: Between subjects) was crossed with presentation format at test (analogue versus propositional: Within subjects). Half of the participants were trained with analogue stimuli and the other half with propositional stimuli. All participants were tested with both the presentation formats, where the order of the test formats was counterbalanced across the participants. In the analogue condition, the participants were presented with pictures of the washing powder and in the propositional condition they were presented with four propositions on the computer screen. In the analogue conditions, the quantity, product certification and the capacity were shown as different certification marks on the package instead of text boxes. Present these cues with certification marks instead of text boxes control for the risk that the text boxes could force the participants to consciously rely on a particular cognitive process. Further, the certification marks resemble real purchase situation in a higher degree than text boxes when they are a common part of the product package. Brand recognition and preferences biases were controlled for by using fictitious products and cues that could not relate to previous preferences of price that is the judgment tasks in the experiments.

The training phase consisted of 220 trials, where eleven training exemplars were presented 20 times each. The remaining five exemplars were omitted in the training phase (exemplars 5, 6, and 7). The question on the computer screen was “How much cost the washing powder”. In the training phase, the participants received continuous feedback. The cues and the cue values with weights 4, 3, and so on, were randomly assigned to new concrete visual features for each new participant. In the test phase, all sixteen exemplars were presented twice in random order. The participants made the same judgment as in the training phase, but received no outcome
feedback. All participants first made this with one presentation format, thereafter with the other presentation format. The omitted training phase and the complete test phase compose the ability to examine if the participants rely on cue abstraction or exemplar memory in the shape of extrapolation and interpolation professed above.

Cognitive modeling

The cue abstraction and exemplar memory are fitted to the last 110 judgments in the training block where performance was close to asymptotic. If mental cue abstraction is the appropriate description of the participants, fitting the model to the training data provides estimates of the four cue weights that have been acquired in the training with feedback. The cue abstraction model with these parameters is then used to predict the judgments in the test phase with all sixteen exemplars. If the participants are using exemplar memory, fitting the exemplar model to the training data provides estimates of the attention weights established at the end of the training phase with feedback. The exemplar model with these attention weights (similarity parameters) is then used to predict the judgments in the test phase with all sixteen exemplars.

Results

Performance. Both achievement and consistency was higher in the propositional conditions, with the highest values for the cell with propositional training and test (Ach. = .83 and Cons. = .90). Kruskal-Wallis tests show that there was no significant main effect of training for consistency, $H(1, 32) = 2.45, p > .05$, and close to a significant main effect for achievement, $H(1, 32) = 1.63, p > .05$. RMSE was lower for propositional training than for analogue training with the lowest value for propositional training and test (M =1.19), but the difference between the two training conditions was not statistically significant, $H(1, 32) = 1.56, p > .05$. There is no main effect of test condition, and the values for consistency, achievement, and RMSE are quite similar. The results indicate that the participants with propositional training learned to make the judgments somewhat more accurately than the participants with analogue training.

Exemplar indices. The old-new difference is negative and significantly different from zero in all four conditions, suggesting strong exemplar effects (see Figure 1). In almost all conditions the mean value is below 8, a result consistent with the exemplar model but not with the cue abstraction model. Overall, and as expected from the everyday product shopping condition considerations, the exemplar indices suggests that exemplar memory is the most important process in this task.

Figure 1. Mean judgments for all exemplars and conditions.

Model fit. The models were fitted to the mean judgments (mean value) computed for the eleven training exemplars across the last 110 training trials. The model fits suggest use of
exemplars in most cases. The fit for the exemplar model is near the mean standard error in data and $r^2$ is above .70 in all four cells. The fit for the cue abstraction model is less impressive with RMSD values larger than the mean standard error and $r^2$ values below .70 (see Figure 2).

**Figure 2.** Panel A: Model fit with RMSD. Panel B: Model fit with Coefficient of determination $r^2$.

In sum: The experimental task that implicates everyday product shopping characteristics also appears to use exemplar memory in higher degree than cue abstraction, as judged directly by the exemplar indices and by the quantitative model fits.

**Discussion**

In this article a multiple-cue judgment task was used to examine if a low involvement purchase situation is dominated by a specific cognitive process. This study shows support for exemplar memory use in low involvement purchase situations. Further, different presentational formats have in previous studies been refuted to create a use of a specific cognitive process (see for example, Juslin et al., 2003; Logan, 1988). In this study the different presentational formats (analogue and proposition) were used in the experiments to control for attention biases but also to strengthen the experience of a real purchase situation with an analogue stimuli set where the consumer use the sight to make a judgment of a product and the propositional format simulate the product declaration on the package. The Kruskal-Wallis tests showed no significant main effects of presentational format for training and neither for test. This results support the interpretation that different purchase situations themselves are strong enough to create a use of one or another cognitive process which supports the idea that multiple-cue judgment tasks are suitable to examine consumer decision making process. This implies a new interesting thought of consumer rationality. In summary, the new insights showed with the present study are important to advance the theoretical framework of consumer behavior research field.
The limitations of the study mostly concern the division of high and low involvement and how this categorization of involvement level actually affects consumer behavior in terms of purchase decisions and judgments. This binary categorization of involvement (high/low) was used in the present study when this distinction most accurately describes two completely different purchase situations that today's consumers often are faced with. Therefore, it would be interesting in future studies to compare the present study with a typical high involvement purchase situation to see if the exemplar memory effects remain or if the characteristics of another purchase situations allow cue abstraction to dominate instead. This comparison would imply a new interesting thought of consumer rationality.

Another limitation of the study is that the participants in the experiment made judgments on price that have often been discussed in previous research in terms of how important/not important price is to consumers in the purchase choice or decision making of the product or brand. In the present study possible price level biases were controlled for by using fictitious stimuli sets of products and product cues. The products or product cues were not related to previous preferences or attitudes of pricing. However, it would be interesting to examine different judgment factors which could relate to other characteristics of the product, such as quality or durability. One possibility could be that, depending on which factor the consumer has to make a judgment about, the use of the cognitive process could vary or change depending on how important the consumer think the factor is or how motivated the consumer is to consider that particular factor.

References


Researching Consumer Behavior at the Top of the Pyramid: Cultures of Consumption of the Super Rich

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Abstract
Super rich consumers’ behavior and attitudes have not been widely researched. This study uses the literature of cultures of consumption and cultural capital to explore the holiday experiences of the very wealthy via in-depth interviews with couples reporting their recent travel, and using Leximancer, a lexicographic analysis system, to analyse the underlying thematic structure of this discourse.

Keywords: Super Rich, Cultures of Consumption, Tourism
Track: Consumer Behavior

1.0 Introduction
We know more about the consumption behavior of people at the bottom of the pyramid (the very poor) than people at the top (the super rich), yet the latter accounts for a much larger share of consumer expenditure that benefit most from our capitalist system and are getting even richer (Beaverstock et al., 2004; Freeland, 2012). Distribution of wealth is ever-more-skewed, bringing with it concerns about the impact of the Super Rich (SR) on society and their potential to manipulate the economic system in their own interests (e.g. Johnston, 2005). For example from 2009-2010 the incomes of 99% of Americans increased by 0.2%, compared to 11.6% for the top 1% (Freeland, 2012) and this is similar elsewhere. The superrich or high net worth (HNW) individuals are defined as those with investable assets of US$1 million or more, excluding primary residence, collectables, consumables and consumer durables, with ultra HNW people having more than $30 million to invest (Beaverstock et al., 2013) Much of the research about the SR has focused on the extent, nature, sources and impacts of their wealth (e.g. Eaton & Stilwell, 1992; Irving, 2013; Neumayer, 2004; Potts, 2006; Volscho et al., 2012). Far less is known about their consumption behavior and what drives it. This is our focus here. We are interested in how the SR go about spending their wealth to reflect and support their lifestyles and elite status. We see this as a type of culture of consumption. And it is more than a culture associated with individuals, they are also a kind of community. The SR know and interact with each other, they meet at luxury resorts and at society functions, sit on the same boards of major corporations and charities and live in enclaves together.

The modern SR are not the same as in the past. In previous times the SR were the aristocracy with, for the most part inherited wealth, occupying a particular place in society with associated rules of behaviour befitting their status. These lifestyles are portrayed in stories of royalty and noblemen, in programs such as Upstairs Downstairs and Downton Abbey. Today the world is different and while there are still SR royalty, nobleman and aristocracy with inherited wealth dating back centuries, there is now a new and growing class of self-made SR, a working rich, whose lifestyles and consumption behavior is not subject to strict rules of etiquette and tradition. Freeland (2012) refers to them as the plutocracy. The Internet age and the growth in stock exchange trading has led to fortunes being made in a short time and at a young age – earning tens of millions a year (Freeland, 2012). They are free to do what they choose and they are carving out quite different types of lifestyles. They are an
example of what Bauman (2013) refers to as Liquid Modernity the liquid and light, software based modernity, as opposed to the heavy and solid, hardware based modernity of the past. Their lifestyles are illustrated in programs such as Lifestyles of the Rich and Famous, Borne Rich and Housewives of Orange County. There is limited research about the consumer behavior of the SR. An early classic is Veblen’s Theory of the Leisure Class, first published in 1899, but it is a very different world today. There are descriptive accounts of the lives of famous people who have become SR or inherited fortunes, but little academic research. Some reveal aspects of their lifestyles through forms of conspicuous consumption, detailing their yachts, houses and jets and holding lavish parties. A Google Scholar search using search terms such as super rich and extreme wealth reveals research about the sources of wealth and its impacts but little about their consumer behavior. The lack of research on this topic in part reflects problems of access. Observations of the conspicuous consumption of some of the celebrity SR are possible but not all the SR are so inclined. Instead they are very protective of their privacy and unwilling to share information about their lives. They are also concerned about their security and the envy of others, which can lead to problems. This makes them difficult to research. There are some examples of such research in non-marketing disciplines. Research has investigated the psychological effects of being SR, including their happiness (Diener et al., 1985) and the burdens and pathologies of their children (Grinker 1978). Beavertock et al (2004) call attention to the lack of research on the SR in economic geography. They point to the need for research regarding the transnational lifestyles of the SR and to the emergence of enclaves of SR in particular suburbs of major cities such as London and New York (e.g. Butler & Lees, 2006) and the emergence of gated communities specially designed for them (e.g. Caldeira, 2000; Pow, 2011). In subsequent work Beaverstock et al (2004) has examined the financial services that have emerged to service the needs of the SR. Freeland’s (2012) book reports the results of research in which she hung around with the rich and famous for some time and observed their behavior, leading to many useful insights. The Center on Wealth and Philanthropy at Boston College is supported by the Gates Foundation to study how the American wealthy think and live (Wood, 2011). They asked a sample of SR an open-ended question about how prosperity has shaped their lives and the lives of their children, which again gives some insights that we refer to below.

The purpose of this paper is to contribute to our understanding of the nature and culture of cultures of consumption of the rich. In the next section we describe some of the main characteristics of the culture of consumption of the SR and the factors affecting it. Then we report the results of our research about their vacationing behavior before discussing managerial and research implications.

2.0 Consumption Behavior of the Super Rich

To some extent existing theories of consumer behavior should help us understand the behavior of the SR but the extreme wealth of such people may produce context effects that are not relevant for other types of consumers and which require new theories and the refinement of existing ones. One important type of explanation of consumption behavior of the SR is in terms of cultures of consumption and cultural capital, based on the work of Pierre Bourdieu (1984). The SR constitute an elite with extremely high cultural capital, which is manifested in various habits and predispositions (Bourdieu, 1984; Bourdieu & Wacquant, 1992). These habits and predispositions are reflected in their cultures of consumption, which serve to reflect, reinforce and reproduce status distinctions and their cultural capital. Two subcultures may be distinguished. First are those who are born and raised SR, as described, for example, in the documentary Borne Rich. These consumers are socialized via their family upbringing, their peer groups and their education (Coskuner-Bali & Thompson, 2014). The
second subculture is the working rich, the self-made SR, who may have come from quite humble backgrounds. The extent to which these two subcultures are distinct in their habits and predispositions is an open question.

While the cultural capital of the SR is an important theoretical perspective for understanding their culture of consumption, other factors associated with the world of the SR, apart from reproducing their elite status, underlie and shape this culture. These include types of constraints on their behavior including forms of time and knowledge constraints, forced consumption of various types, and limits to consumer entrepreneurship. There are no real limits to what the SR can afford; they are free to explore self-actualization needs without having to worry about lower level needs in Maslow’s hierarchy (Maslow, 1954). But there are time and knowledge constraints. The working rich are time poor because they are unable to consume all the products and services they might desire. They may try to make more time by having others attend to various things that would otherwise occupy their time, e.g. driving/piloting them, dressing them, shopping for them, minding their kids and managing their time. They can also use their time in more goods-intensive ways (Linder, 1970), they can try to consume more things at the same time or consume them in less time and have services available to help them do this such as butlers, maids and helpers.

Knowledge constraints limit consumption because even though they can do more or less anything they want to, they have to know about them and learn how to consume and appreciate them. They can learn from other SR about new places to stay and new things to do and buy, but there is also a need for inventing new things to do - a form of what we might call “consumer entrepreneurship”. Exclusive services exist to help them do this, such as specialist travel agencies. But those that serve them are generally not SR, limiting their understanding of them and how best to serve them.

The SR are forced in various ways to consume some expensive goods and services to protect and sustain their lifestyles. These include exclusive and expensive real estate and homes to ensure their privacy, security services, expensive and exclusive education for their children and even psychiatric treatment. The new SR that have risen from the finance industry also have to finance lobby groups and even political parties to gain acceptance of their place in society (Freeland, 2012). They also have social constraints and obligations to keep up with their peers and to establish and maintain their cultural capital. This includes making visible philanthropic donations (as well as private philanthropy to ensure their psychological well-being). Not only are the SR able to live in a different world, in many ways they have to. SR celebrities cannot engage easily in normal events we mere mortals take for granted – walking down the street, going to a cinema, attending sporting events and visiting tourist attractions – such as Nicole Kidman and Tom Cruise having to climb into the Coliseum in Rome in the middle of the night to visit it.

In some ways the SR resemble the very poor in terms of their concern for preserving and protecting their wealth. But the reasoning is different. The very poor live from hand to mouth and are concerned about where the next dollar will come from. The SR are concerned about preserving and protecting their fortune. For example Freeland (2012) reports a SR person’s query about the way aristocrats plunder the riches of countries – why don’t they just steal a billion and spend the rest on the people.” So a billion seems to be the minimum to cover the fringe benefits, the plane and the boat!
The children of the SR are an important subculture of this consumer culture. Being born rich can lead to problems both for them and their parents. These include being isolated - living in a world only they can inhabit and comprehend, being wary of the friendships of the non SR, the need for prenuptial agreements before marriage. These dilemmas can lead to various types of psychological problems, which are reflected in their consumption behavior, including drugs, sex and rehab (Grinker, 1978).

3.0 Methodology

Using personal and professional networks a sample of rich to very rich couples were interviewed about their vacation behavior. They were invited to participate based on their occupation, the estimated worth of their family home and which Sydney suburb they lived in. Semi-structured interviews were conducted in informant’s homes and lasted from 30 to 90 minutes. The interviews were transcribed and the Leximancer lexicographic software program was used to analyze the transcripts (Smith & Humphreys, 2006). Leximancer analyzes the conceptual content of natural language. It permits an explicit and reproducible coding of the transcripts into key concepts reflected in the semantics of the text – the way words “travel together” directly and indirectly. The basic assumption of Leximancer is that there is an underlying meaning and structure in the way we talk and write. This means that we consciously, as well as unconsciously, communicate meanings and connections in the things we discuss, the order in which we discuss them, and in the words used. Leximancer quantifies the co-occurrence of concepts in blocks of text and develops an over-arching concept map similar to multidimensional scaling. A qualitative interpretation of these interviews was reported in Wilkinson and Kovac (2009) but the Leximancer analysis extends this and provides a more systematic and reproducible analysis.

4.0 Results

Figure 1 summarizes the text of the interviews as a network of concepts. Concepts are collections of words that co-occur through the text and are used with similar words. The figure was generated through an iterative discovery and editing/cleaning process and differentiated between the interviewer and informants’ contributions. Very similar concepts were merged and semantically null concepts (e.g. then, because) were deleted. The interpretation of the results is guided by the concepts’ relative positions on the map, their conceptual links, the ranked concept list (the amount of text coded as each concept), the thesaurus (words that make up each concept and their relative importance) and co-occurrence analysis (assessment of the overlap of concepts).

Figure 1: Summary Concept Map of Interviews.
The map organizes the concepts into five themes, depicted as circles. The informant (the lower 3 circles) and interviewer (top 2 circles) concepts are clearly differentiated showing that the content of their respective discourse comprises different concepts. The two themes at the top right contain the concepts that are largely generated by the interviewer’s questions (as indicated by proximity and the concept links) and included more generic content (e.g. accommodation, holiday(s), service, travel, friends, and class). The remaining three themes contain the majority of concepts - those that emerge from the informants’ discourse. These are more experiential and locational and consider hotels, places and activities. Co-occurrence analysis (not shown) and reference back to transcripts (Leximancer provides a browser that links concepts to the transcripts) confirms that the responses by participants introduce new ideas that extend and build upon what the Facilitator questions them about. For example, the concept “look” (slightly above and to the left of the Respondent concept) enriches the queries of the Interviewer as to how people chose travel products, such as the level of involvement in the search (look) process e.g. some are very active, e.g. “…I looked first in books to see what were the hotels I might want to stay in, and then I checked on the net and have a look at them. Have a look at the slide show of the hotel and have a look to see if I liked it”. Also, ‘search’ did not involve price checking, e.g. “I didn’t even look up the price myself. They told me it was $7,500 and I said “fine”.”

The most frequently occurring concepts were “hotel” (140 text blocks coded as this concept), “time” (126), “holiday” (115), and “stay” (106). Map position, co-occurrence analysis and the concepts’ thesauruses show that the “holiday” concept was largely contained within the interviewer’s questions and focuses on queries about aspects of the “holiday”. Other concepts emerge from informant discourse and are clustered with “hotel” and “stay” in the central left theme circle and “time” in the central right. These concept patterns indicate that where informants stay is a major part of their holiday experience. The thesaurus of the concept “hotel” (not shown) incorporates words that have to do with the location and the services provided. “Stay” is similar but focuses more on the total experience, of which the hotel is a part. “Time” is an eclectic concept which includes words to do with constraints, the time for desired activities, the need to adjust/relax and indirectly, planning. It is also related to the concept “day” which relates to how people spend their time during the day (e.g. “We would start the day going for a walk - we would walk into Kahala Mall, you can go walking around the houses there”). In contrast, in response to questions about the duration and timing of holidays, “days” (in overlap of central themes) incorporates how many days spent in a location (e.g. “We went to New York for about 6 days, we went down to Miami for about 4 days. We spent about 5 days in Los Angles, and the balance of the time in Hawaii and then home”).

The interpersonal elements and consumption culture were less prominent in the map and accompanying discourse than might be expected. “Family” and “friends” (near center of the map) mostly emerged from prompting as to who was travelled with. Informants did not dwell on these elements although they indicated these were often an important part of enjoyment and activities. “People” (right center theme) was more to do with people encountered in travel who contributed to the experience. The “experience/activity” elements cluster separately, i.e. “local”, “time”, “people” and “shopping” are in a different theme. “Walk” is probably separated from these themes and placed at the bottom because it is both a means of transport between places and is itself an experience and because it is only considered by informants.
5.0 Discussion and Conclusions

The SR seek experiences which combine the simple and expensive. The Lexicographic analysis highlights the prominence of the hotel in their reflections of what was important and enjoyed. This includes comfort and luxury but the “hotel” concept also acts as an anchor for other concepts that reflect the physical dimensions of the holiday – the “place” visited, the area around the hotel (“somewhere”) and proximity to “places” and “restaurants”. This is particularly associated with travel to “Europe” and “Paris”. Quality is important (“nice”, “star”) but this is embedded in location. It is assessed in terms of access to experiences the hotel provides and its features. The results indicate some of the dimensions of the cultures of consumption of the SR. In some ways they are similar to the consumption of holidays of anyone, in that they seek meaningful experiences in the holiday location. However, the SRs’ lack of financial constraints means that the seeking of this can be embedded into all aspects of their travel. A hotel is not just a place to stay, it is central to maximizing time for experiences (which often incurs greater costs), including shopping for the expensive, exclusive and fashionable. The study provides the basis for further research. The sample includes the affluent and wealthy but only a few who are SR, which limits our findings in ways we do not yet understand. Access to the SR is not easy, but in subsequent research, we have tried to include more of them, with some success. Our results also reflect the fairly structured questioning style used and the partial disconnect between interviewer and informant discourse. This can help guide future research.

References


How Accurate are Segmentation Profiles? An Investigation of into Whether Customers of Australia’s Top Ten Banks Fit within Specific Segmentation Profiles.

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Dr Maxwell Winchester, Victoria University, Maxwell.winchester@vu.edu.au

Abstract
Most established marketing textbooks argue that any successful marketing strategy must be based around effective segmentation and targeting. Given previous research suggests a failure to segment financial services on demographic variables, this paper examines whether the top ten Australian Banks have different customer profiles on values and lifestyle variables. A sample of over 53,000 Australian households, from the 2012 Roy Morgan Single Source Survey was utilised to profile users of Australia’s largest ten banks on value segments and Helix Communities. The results are consistent with earlier research on demographic variables, in that there was little difference in profiles of consumers across most Australian banks on these variables. The results challenge whether financial service companies should assume that different customers are using different financial services providers.

Keywords: Segmentation, targeting, banking and financial services.

Track: Consumer Behaviour

Introduction
For decades it has been believed that one of the major activity for marketers is to segment any market and then target desired segments (Dickson & Ginter, 1987; Smith, 1956; Wind, 1978). It has been consistently argued that segmentation is an important first step in any marketing strategy from which targeting and positioning strategies are developed (McDonald & Dunbar, 1998; Yankelovich, 1964). This study aims to consider whether customer profiles on psychographic variables in the Australian banking industry are different enough to be substantial. In this study, the success of segmentation and targeting of the Australian banking industry is considered using value segments and helix communities from 2012.

Most of the research on bank segmentation and targeting comes out of the United Kingdom where there is an abundance of published evidence of banks attempting to segment and target on variables that include demographics (e.g., Elder, 1988; Elliott, 1986; Fiori, 1984; Gorman, 2003; Howe, 1982; Scott, 1988; Simmonds, 1990; Stanford-Dowling, 1982; Walker, 1995), attitude (Gorman, 2003; Scott, 1988; Simmonds, 1990), life cycle stage (Jarvis & Brand, 1998), values (Cowe & Williams, 2000; Ryder, 1994) and profitability (Storbacka, 1997). Aside from the United Kingdom and European examples above, there are a small number of other examples supporting segmentation and targeting in financial services markets in North America and Australasia. An example from The Royal Bank of Canada (RBC) demonstrates how bringing data together enables banks to target specific consumers and consumer groups. Large segments can be further sub-segmented, by “defining a useful sub-segment [which] generally involves doing a deep dive into the most profitable end of the segment to tease out distinct behaviour patterns” (p2, Dragoon, 2006). RBC, has segmented customers based on 5 “strategic life-stage segments”: “Youth”, under 18s; “Getting Started”, aged between 18 and 35; “Builders”, aged between 35 and 50; “Accumulators”, aged between 50 and 60; and “Preservers”, over 60 (p2, Dragoon, 2006). Similarly, in the Australian context Veda Advantage identifies 45 customer segments including "suburban battlers", "working students"
and "affluent young families" (VASG, 2009). However this demographic segmentation only skims the surface of segmentation. Given the organisations in practice that are using segmentation and targeting, there is a compelling argument against mass marketing in financial services:

_Trying to provide all things to all people is difficult, if not impossible in a competitive marketplace. Many financial institutions are selecting a few key target markets and concentrating on trying to serve them better than their competitors_ (p14, Zineldin, 1996)

What is obvious from the paragraphs above is there is a plethora of academic papers and industry case studies arguing the importance of the practise of segmentation in financial services, but research on successful implementation of segmentation and targeting is rare. There have been concerns raised about the ability of successful implementation of a segmentation programme across industries that include the inability to implement (e.g., Dibb, 1999), whether segmentation can practically work in a market (e.g. Danneels, 1996), whether segments do actually exist in markets (Hammond, Ehrenberg, & Goodhardt, 1996; Kennedy & Ehrenberg, 2001a; Uncles, Kennedy, Nenycz-Thiel, Singh, & Kwok, 2012) or remain stable over time if they are found (Esslemont & Ward, 1989; Hoek, Gendall, & Esslemont, 1993). Further to the research above, there have also been questions on the validity of targeting (Wright, 1996; Wright & Esslemont, 1994).

Very few studies have considered the success of segmentation or targeting at an aggregate level by reviewing consumer profiles of competitive brands. Of the few previous empirical studies on consumer profiles of different markets conducted with large databases indicate that successful implementation of segmentation is rare. Studies conducted of consumer profiles in a range of consumer markets (Hammond et al., 1996; Kennedy & Ehrenberg, 2001a; Uncles et al., 2012), television viewing (Barwise & Ehrenberg, 1988) radio listening (Nelson-Field, Lees, Riebe, & Sharp, 2011; Nelson-Field & Riebe, 2010; Winchester & Lees, 2013) have found very little evidence of successful segmentation or targeting.

It has been empirically demonstrated that there are two types of market based on consumer purchase patterns, repertoire and subscription (Sharp, Wright, & Goodhardt, 2002). In a repertoire market any attempt at successful segmentation may be limited by the fact that any consumer is likely to buy more than one brand; meaning that the same consumers will be buying a number of brands in any market (Dawes, 2008; Sharp, 2007; Uncles, Ehrenberg, & Hammond, 1995). This alone suggests that there is less likelihood that differences in customer profile across competitive brands is likely. Subscription markets on the other hand are more likely to have consumers use one brand for a period of time (Sharp et al., 2002). It is on this basis that the financial services market is suitable as a potential market in which stable segments if they exist, may be found.

It may seem that in the financial services market, mass marketing may actually make sense. For example, Romaniuk (2001) found little evidence of brand positions being unique in Australian banking brands, by implication suggesting that if banks had been aiming to attract unique customer segments they may have failed. This is supported by the results of Kennedy and Ehrenberg (2001b) whose empirical analysis of customers of financial services in the UK found few differences across segmentation variables and also supported by Lees and Winchester (2014) who found little differences in customer profiles across demographic measures across different financial services brands in Australia.
The literature offers little clear direction for financial services marketers. To target specific segments or not? This study considers whether customer profiles (value segments and helix communities) of financial services brands in Australia are different. It aims to replicate research such as that conducted in the UK by Kennedy and Ehrenberg (2001b) and Australia by Lees & Winchester (2014) on segments in financial services and extends previous research such as that by Romaniuk (2001) by exploring whether the lack of positioning found with Australian financial institutions may be a function of a lack of identifiable segments in this market.

Method

The data used in this paper was collected through Roy Morgan’s Single Source Surveys in 2012. The data was collected via personal interview with individual respondents and a sample of over 53,000 was achieved. Around 4,800 respondents over 14 years of age are interviewed each month (over 48 weeks) from all states and territories in Australia. The method for the analysis was inspired by Kennedy and Ehrenberg (2001a), who devised a simple yet effective method for determining differences in profiles of customers for competitive brands. Each brand’s customer profile is simply compared to the average brand to look for large deviations, which would be expected if brands were successfully targeting different segments of consumers. Deviations of more than five percentage points are highlighted. This figure has been derived that it is double the average MAD found in demographics in previous studies and therefore is a notable deviation (e.g., Hammond et al., 1996; Kennedy & Ehrenberg, 2001a). Although a large sample is used in this study, the analysis has been conducted with the top ten financial services brands by penetration to limit the likelihood of smaller brands biasing results due to sampling error.

Results and Discussion

The two segmentation variables we consider are the Roy Morgan ‘values segments’ and the ‘Helix Communities’. ‘Values Segments’ divide the market into 10 segments that includes demographics psychographics as well as the values, mind sets and attitudes that motivate consumer behaviour. The ten value segments are: Socially Aware, Visible Achievement, Young Optimism, Real Conservatism, Look at Me, Conventional Family Life, Traditional Family Life, A Fairer Deal, Something Better, and Basic Needs. Helix Communities and the accompanying personas is a segmentation and data integration tool that combines sophisticated psychographic and behavioural data to classify the Australian population into 7 Communities and 56 Personas using a combination of Roy Morgan Single Source data and third party data sources. The 7 Communities are: Lifestyles, Metrotechs, Today's Families, Aussie Achievers, Getting By, Golden Years, and Battlers. The first segmentation variable to be explored is the ‘values segments’. Table 1, below presents the percentage of people in each values segment for each financial services institution.

<table>
<thead>
<tr>
<th>Bank</th>
<th>Basic Needs</th>
<th>Fairer Deal</th>
<th>Family Life</th>
<th>Look At Me</th>
<th>Something Better</th>
<th>Real Conservatism</th>
<th>Optimism</th>
<th>Fairer Deal</th>
<th>Something Better</th>
<th>Traditional Family Life</th>
<th>Socially Aware</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commonwealth Bank</td>
<td>2</td>
<td>4</td>
<td>18</td>
<td>12</td>
<td>12</td>
<td>6</td>
<td>4</td>
<td>12</td>
<td>16</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>ANZ</td>
<td>2</td>
<td>3</td>
<td>17</td>
<td>14</td>
<td>9</td>
<td>6</td>
<td>5</td>
<td>8</td>
<td>19</td>
<td>17</td>
<td></td>
</tr>
</tbody>
</table>

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Table 1, above presents the proportion of people in each of the values segments for each of the top ten Australian banks and the average for each of the values segments. This is complemented by Table 2, below, which presents the deviations from average brand profile for each variable.

Table 2: Deviations from the Values segment average for each of the top 10 Australian banks

<table>
<thead>
<tr>
<th></th>
<th>Basic Needs</th>
<th>Fairer Deal</th>
<th>Family Life</th>
<th>Family Life</th>
<th>Look At Me</th>
<th>Something Better</th>
<th>Conservatism</th>
<th>Optimism</th>
<th>Achievement</th>
<th>Socially Aware</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commonwealth Bank</td>
<td>0</td>
<td>1</td>
<td>-2</td>
<td>0</td>
<td>4</td>
<td>0</td>
<td>-1</td>
<td>4</td>
<td>4</td>
<td>-3</td>
</tr>
<tr>
<td>ANZ</td>
<td>0</td>
<td>0</td>
<td>-3</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-1</td>
</tr>
<tr>
<td>Westpac Bank</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-1</td>
<td>0</td>
<td>0</td>
<td>-1</td>
<td>-1</td>
<td>-1</td>
</tr>
<tr>
<td>National Australia Bank</td>
<td>0</td>
<td>1</td>
<td>-1</td>
<td>0</td>
<td>-1</td>
<td>0</td>
<td>0</td>
<td>-1</td>
<td>-1</td>
<td>2</td>
</tr>
<tr>
<td>St George</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>-1</td>
<td>-1</td>
<td>-1</td>
<td>-1</td>
<td>-1</td>
<td>0</td>
</tr>
<tr>
<td>Bendigo Bank</td>
<td>0</td>
<td>1</td>
<td>6</td>
<td>-2</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>-3</td>
<td>-3</td>
<td>-4</td>
</tr>
<tr>
<td>ING Direct</td>
<td>-1</td>
<td>-2</td>
<td>-6</td>
<td>-1</td>
<td>-5</td>
<td>-1</td>
<td>-2</td>
<td>2</td>
<td>2</td>
<td>11</td>
</tr>
<tr>
<td>Suncorp</td>
<td>0</td>
<td>1</td>
<td>4</td>
<td>-2</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>-2</td>
<td>-2</td>
<td>-2</td>
</tr>
<tr>
<td>BankWest</td>
<td>-1</td>
<td>-1</td>
<td>-2</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>-2</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Bank of Queensland</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>-1</td>
<td>1</td>
<td>-1</td>
<td>1</td>
<td>-3</td>
<td>-3</td>
<td>-4</td>
</tr>
</tbody>
</table>

Table 2 shows the deviations from the average for each of the values segments. The results suggest there is no notable difference in customer profile for any of the ten brands on each of the values segments other than for ING Direct which has a larger than expected share of the ‘Socially Aware’ segment. This deviation reflects previous research (Lees & Winchester, 2014) into banking segmentation which showed ING Direct having a slightly more affluent customer base – which may in part be due to their offering of higher on call investment accounts or being an on-line only bank. The only other minor deviation is for Bendigo Bank, which has slightly more ‘Traditional Family Life’ – perhaps reflecting their branch locations in rural Australia. However, it is also important to note that there are no deviations from the average greater than 4 percentage points for each of the big 4 banks. Tables 3 and 4, below presents the proportion in each of the Helix Communities and deviation from average brand for those communities for the ten brands.
Table 3: Percentages in each Helix Community for each of the top ten Australian banks

<table>
<thead>
<tr>
<th></th>
<th>Leading Lifestyles</th>
<th>Metrotechs</th>
<th>Today's Families</th>
<th>Aussie Achievers</th>
<th>Getting By</th>
<th>Golden Years</th>
<th>Battlers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commonwealth Bank</td>
<td>24</td>
<td>14</td>
<td>9</td>
<td>8</td>
<td>15</td>
<td>11</td>
<td>19</td>
</tr>
<tr>
<td>ANZ</td>
<td>25</td>
<td>14</td>
<td>11</td>
<td>9</td>
<td>12</td>
<td>11</td>
<td>18</td>
</tr>
<tr>
<td>Westpac</td>
<td>27</td>
<td>13</td>
<td>10</td>
<td>9</td>
<td>12</td>
<td>11</td>
<td>17</td>
</tr>
<tr>
<td>National Australia Bank</td>
<td>25</td>
<td>13</td>
<td>11</td>
<td>9</td>
<td>13</td>
<td>11</td>
<td>19</td>
</tr>
<tr>
<td>St George</td>
<td>33</td>
<td>13</td>
<td>9</td>
<td>7</td>
<td>14</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>Bendigo Bank</td>
<td>18</td>
<td>7</td>
<td>9</td>
<td>11</td>
<td>7</td>
<td>17</td>
<td>31</td>
</tr>
<tr>
<td>ING Direct</td>
<td>31</td>
<td>18</td>
<td>12</td>
<td>11</td>
<td>10</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Suncorp</td>
<td>20</td>
<td>10</td>
<td>16</td>
<td>18</td>
<td>7</td>
<td>15</td>
<td>14</td>
</tr>
<tr>
<td>BankWest</td>
<td>29</td>
<td>14</td>
<td>15</td>
<td>11</td>
<td>9</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Bank of Queensland</td>
<td>22</td>
<td>8</td>
<td>16</td>
<td>14</td>
<td>10</td>
<td>16</td>
<td>14</td>
</tr>
<tr>
<td>Average</td>
<td>25</td>
<td>12</td>
<td>12</td>
<td>11</td>
<td>11</td>
<td>12</td>
<td>17</td>
</tr>
</tbody>
</table>

In line with the method used by Kennedy and Ehrenberg (2001a) deviations equal to or greater than five percentage points are highlighted in bold and italics. Unlike the findings for values segments, the Helix Communities presented in Table 4, below, suggest a few deviations from the average.

Table 4: Deviations from the Helix Community average for each of the top ten Australian banks

<table>
<thead>
<tr>
<th></th>
<th>Leading Lifestyles</th>
<th>Metrotechs</th>
<th>Today's Families</th>
<th>Aussie Achievers</th>
<th>Getting By</th>
<th>Golden Years</th>
<th>Battlers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commonwealth Bank</td>
<td>-1</td>
<td>2</td>
<td>-3</td>
<td>-3</td>
<td>4</td>
<td>-1</td>
<td>2</td>
</tr>
<tr>
<td>ANZ</td>
<td>0</td>
<td>2</td>
<td>-1</td>
<td>-2</td>
<td>1</td>
<td>-1</td>
<td>1</td>
</tr>
<tr>
<td>Westpac</td>
<td>2</td>
<td>1</td>
<td>-2</td>
<td>-2</td>
<td>1</td>
<td>-1</td>
<td>0</td>
</tr>
<tr>
<td>National Australia Bank</td>
<td>0</td>
<td>1</td>
<td>-1</td>
<td>-2</td>
<td>-2</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>St George</td>
<td>8</td>
<td>1</td>
<td>-3</td>
<td>-4</td>
<td>3</td>
<td>0</td>
<td>-4</td>
</tr>
<tr>
<td>Bendigo Bank</td>
<td>-7</td>
<td>-5</td>
<td>-3</td>
<td>0</td>
<td>-4</td>
<td>5</td>
<td>14</td>
</tr>
<tr>
<td>ING Direct</td>
<td>6</td>
<td>6</td>
<td>0</td>
<td>0</td>
<td>-1</td>
<td>-4</td>
<td>-8</td>
</tr>
<tr>
<td>Suncorp</td>
<td>-5</td>
<td>-2</td>
<td>4</td>
<td>7</td>
<td>-4</td>
<td>3</td>
<td>-3</td>
</tr>
<tr>
<td>BankWest</td>
<td>4</td>
<td>2</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>-3</td>
<td>-6</td>
</tr>
<tr>
<td>Bank of Queensland</td>
<td>-3</td>
<td>-4</td>
<td>4</td>
<td>3</td>
<td>-1</td>
<td>4</td>
<td>-3</td>
</tr>
</tbody>
</table>

Unlike the values segments there are a number of deviations that require some consideration. For example, ING appears to have slightly more of the ‘Leading Lifestyles’ and ‘Metrotechs’ and a lower proportion of the ‘Battlers’ while St George has more of the ‘Leading Lifestyles’. Again, this could be explained by their different product offerings. As mentioned previously ING, in particular, specialises in high interest on call investment accounts and on line banking. However Bendigo Bank has a lower proportion of the ‘Leading Lifestyles’ and a much larger
proportion of the ‘Battlers’ This again reflects previous research where ING has fewer older customers and more in the 25-34 age bracket than the average financial institution, while Bendigo Bank gets an older profile of customer. It also reflects the community nature of the Bendigo Bank and the location of its branches. Again, though we see no major deviations from the average for any of the big 4 banks.

**Discussion**

The results suggest little evidence for deviations from average for the values segments, and a few deviations for the Helix Communities. Whilst it may appear that ING and to a lesser degree St George are targeting the ‘Leading Lifestyles’ and perhaps Bendigo Bank ‘The Battlers’, it is important to note that in absolute numbers each of the top 4 banks has more customers in those segments than ING, St George and Bendigo Bank combined. The deviations that were found would hardly be sufficient to indicate that any brand has successfully targeted any of those particular segments to the exclusion of any others. Given the large sample size of over 53,000, and method used in this study, the results suggest further evidence that researchers are unlikely to find sustainable evidence that different financial services brands serve different segments of the market in Australia supporting the findings of previous large scale studies that explored segmentation in financial services (Kennedy & Ehrenberg, 2001b; Lees & Winchester, 2014). The results of this study suggest that any bank’s customer is a typical bank customer. Given the number of previous conceptual studies that outline the importance of segmentation, targeting and positioning and the previous case studies highlighted that specifically indicate there are segments in the financial services market, the results of this study may be surprising. However, when one considers empirical studies conducted across industries such as financial services (e.g. Hammond et al., 1996; Kennedy & Ehrenberg, 2001a; Lees & Winchester, 2014) retail (Kennedy & Ehrenberg, 2001a) and media (Barwise & Ehrenberg, 1988; Nelson-Field et al., 2011; Nelson-Field & Riebe, 2010; Winchester & Lees, 2013), the results are consistent with earlier research.

However, that being said further research needs to be undertaken looking specifically at the financial products as it may be those products are targeted as specific segments rather than the brands themselves.

**Conclusion**

Segmentation and targeting are portrayed as key strategic activities for marketers (McDonald & Dunbar, 1998; Yankelovich, 1964), however the results of this study suggest that there may be some industries in which either targeting has not been successfully implemented or segments simply do not exist. Given that individual banking brands do not appear to attract unique customer segments future research should consider the success of particular banking products in attracting specific customers. In addition, further research is required in a range of other industries across other countries to establish whether this empirical finding is generalisable across industries.

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Abstract
In a world where many products have lost their cultural cueing in the globalisation process, ethnic foods and cuisines are important means for consumers to construct their self-identity and negotiate their social roles. The exploratory study provides insights into how non-native, ethnic cuisines are used to perform identity and socialisation projects in multicultural settings. Data from 21 depth interviews with Dubai residents were analysed using the constant comparative method. Findings reveal that non-native cuisines are used in self-identity construction to contrasting ends: to reinforce connections to one’s own past, or help shape a new or wishful identity. Non-native cuisines also help facilitate social interactions: to cement existing ties, carry out social obligations, and as a bridge to people of other cultures, as well as to mitigate risks and demonstrate multicultural competence. Theoretical and managerial implications are discussed, distinguishing this study from earlier acculturation and tourism studies of cuisine choice.

Keywords: cuisine consumption; multicultural marketplaces; consumer behaviour; ethnic cuisines; acculturation; cultural socialisation

1.0 Introduction
While globalisation, through the process of cultural homogenisation, has deprived many products of any cues suggesting a country or culture of origin, it has also led people to express their own relationships to the local and the ‘elsewhere’ in new ways (Kipnis, Broderick, & Demangeot, 2014; Kjeldgaard & Askegaard, 2006). In view of food’s pervasiveness in daily consumption, since cuisines have retained salient cultural cues, they may constitute important means for consumers of escaping the levelling effects of globalisation.

All cultures have over the millennia developed their own ethnic cuisine; therefore a study of consumers’ use of cuisine as a ‘currency’ for self-identity construction and social lubrication (i.e. the facilitation of social interactions) is likely to be rich in insights about how cultural cues can serve towards these aims in increasingly multicultural contexts. Self-identity and social concerns have long been considered to be important influences on consumer behaviour (e.g. Hogg & Michell, 1996; Solomon, 1983). Hence, this exploratory study seeks to understand the self-identification and socialisation roles which non-native, ethnic cuisines play in the lives of consumers living in multicultural contexts.

2.0 Literature Review
The concept of cuisine is central to this study. Mintz’s (1996) broad view of cuisine encompasses the production, preparation, and consumption of food, and extends to the dynamic production “of opinions about food, around which and through which people communicate daily to each other who they are” (p. 98). In the context of this study, we draw
on Mintz to define cuisine as the culture of food within a society, including cooking technologies, ingredients, and shared attitudes and beliefs towards what makes a good meal.

While food and food choices (e.g. Steptoe, Pollard, & Wardle, 1995) have been a major focus of consumer research, far less attention has been paid to cuisines, or the culture of food within a society (Mintz, 1996), although they possess important characteristics: they can serve for both tradition maintenance and ‘border crossing’ (Duruz, 2005). Besides language, they constitute the strongest sign of one’s belonging to ethnic identity (Fonseca, 2008). Although ethnic cuisines can help develop place branding (Askegaard & Kjeldgaard, 2007), they can be consumed away from their geography of origin: ethnic restaurants are “determinational ‘ethnosites’” (Turgeon & Pastinelli, 2002, p. 247), in which foreign cuisines can be accessed without travelling: ethnic cuisines are both placed (via their cultural cueing) and dis-placed (in their production and consumption) (I. Cook & Crang, 1996). Hence, the cultural cueing of cuisines and the social context in which food is consumed, imply that the consumption of different cuisines can be an important element of self- and social identity construction.

Cuisines have been considered from the perspectives of acculturation and tourism (e.g. Cleveland, Laroche, Pons, & Kastoun, 2009; Cohen & Avieli, 2004; Jamal, 1996). However, acculturation studies have typically been restricted to two cultures’ cuisines: culture of origin and host culture; the tourism literature deals with exceptional consumption. Instead, the consumption and adoption of products or practices from multiple cultures is a common, day-to-day behaviour in multicultural locales (Demangeot & Sankaran, 2012; Wise, 2011).

Food choice has long been recognised as a complex interplay between biological, psychological, social, cultural, and economic forces (Fischler, 1988; Rozin, 1980). The events and experiences of a consumer’s life journey interact with these forces to shape individual inclinations in respect of food consumption (e.g. Devine, Connors, Bisogni, & Sobal, 1998). Individuals seek utilitarian benefits in their choice of cuisine. Obtaining the right balance of nutrients and calories is a biological imperative. Hedonic benefits, such as pleasure from delicious tastes and appealing settings may also play a role in cuisine choice. In this paper, we focus on the psychological and social elements of cuisine choice, and the roles they play in self-identity and social construction.

Anthropologists have long noted the social importance of food and cuisine (e.g. Douglas, 1982; Farb & Armelagos, 1980). There is no reason to assume that food and cuisine lose their social value when the context changes from monocultural to multicultural. What is uncertain is the forms of social value that consumers in multicultural contexts obtain from non-native, ethnic cuisine choices.

How individuals define themselves can be described as their self-identity (A. J. Cook, Kerr, & Moore, 2002). Self-identity is derived from both personal motivations (self-esteem, self-enhancement, and self-understanding) and social motivations, derived from how individuals wish to portray themselves, and from others’ expectations (Ellmers, Spears, & Doosje, 2002; Stryker & Burke, 2000). Self-identity can act as a point of difference from others, or as a means of conforming to the norms and behaviours of desired social groups (Christensen, Rothberger, Wood, & Matz, 2004). Self-identity has been linked to consumption behaviours such as the purchase of genetically modified food (A. J. Cook et al., 2002), or the choice of soft drinks (Smith et al., 2008). The authors are unaware of any research that links self-identity theory to cuisine choice. However, the perceptions that consumers hold in relation to other countries can be seen as a reflection of self-identity
Given links between food and self-identity, and country perceptions and self-identity, it is likely that self-identity may be linked to cuisine choice.

3.0 Methodology

A qualitative approach suits an initial, exploratory stage aiming to understand culturally plural behaviours (C.J. Thompson, 1997). Data was elicited through 21 semi-structured interviews which lasted between 45 and 75 minutes with Dubai residents (expatriates and nationals). Dubai (UAE) is a multicultural context ‘par excellence’: in the absence of official statistics about Dubai residents’ nationalities, newspapers reported that 80% of the population is foreign, with significant proportions of Asian (including other Arab), European, African, and American nationals (Gulf News, 2009). Dubai hosts a plethora of ethnic restaurants: among the 1,888 ethnic restaurants listed on Time Out Dubai’s (2014) online directory, 35 different ethnic cuisines from five continents are represented. Hence, Dubai as a data collection site is revelatory of how people in a multicultural context might use the adoption of ethnic cuisines for self-identity construction and social lubrication purposes.

Theoretical sampling was used to select participants with high variance on characteristics deemed to potentially influence the adoption of ethnic cuisines: years in Dubai, cultural diversity in family and own life trajectory, socio-economic level, and age. The 21 participants hail from 12 different cultures; they are office workers, professionals or housewives, and range in age from their thirties to their fifties, therefore match the profile of Dubai’s multicultural residents.

We followed a loosely crafted interview guide, first establishing which non-native cuisines participants ate the most, then tracing their history with those cuisines, and their assessment of how the cuisines fit in with their lives. A second set of questions related to less-consumed cuisines, inviting participants to explain the difference between the two kinds of cuisines. To avoid spurious value-driven explanations about cuisine adoption, questions about personal characteristics (involvement with food, innovativeness, etc.) came last.

Following qualitative data analysis protocols (Miles & Huberman, 1994), analysis iterated between individual and cross-case levels. Initial coding identified salient attributes of cuisines cited by participants as contributing to their adoption, and the roles these cuisines played in their lives. Both sets of codes were then organised into codes indicative of a higher level of abstraction. Next, matrices were developed for each case, then across cases, in order to identify the specific roles that non-native cuisines may play in the lives of people in multicultural contexts. Concurrently, individual ‘cuisine choices journey’ maps were developed, showing the events and situations which led to the adoption of particular cuisines. Our results were derived from both the matrices and the maps, to show how non-native cuisines serve social and self-identification roles for people living in multicultural contexts.

4.0 Findings

While a significant proportion of Dubai residents are expatriate labourers, these were not part of the sampling frame, since their income levels and accommodation circumstances (hostels) lead them to cooking and eating at their hostels.
Our findings highlight that while participants go through different paths of exposure and adaptation to non-native cuisines, there are also several ways in which they make use of those to pursue self-identity and social projects.

4.1 Accompanying self-identity construction

The analysis indicates that the consumption and adoption of non-native cuisines often helps shape self-identity. Participants often use different cuisines to attend to contrasting ends: strengthen connections with one’s roots, past and sense of self on one hand, or to reflect or facilitate evolving or wishful identity on the other hand.

Cuisine choice helps participants to reflect on their own identity. According to the data, identity is constructed through cuisine with reference to both external and internal factors. Externally, cuisine helps connect participants to both place and family. Cuisine choice helps some participants reinforce their religious beliefs (Muslim, Hindu). Internally, cuisines help participants reinforce non-food related elements of their self-identity. For example, for Khatereh, an Iranian, the consumption of Japanese cuisine enables her to connect with her love of delicacy and attention to detail.

Cuisine also helps participants in shaping an evolving identity. Adding new flavours and ways of consuming food is, for some participants, an expression of their move away from their roots. Many participants describe their consumption of new cuisines as adventurous. The findings also suggest that indeed the choice of non-native cuisines is among the consumption decisions which support the dynamic process of bringing about the “temporal unfolding of self-identity” (Giddens, 1991, p. 14): evidence suggests the detachment from their old self and attachment to their new or desired identity is reflected in their consumption of cuisines. For example, Ludmila, a Ukrainian married to a British man, attributes her recent adoption of Indian cuisine to her emerging multicultural self-identity.

Many participants view their consumption of non-native cuisines as being reflective of a well-travelled self-identity. Lauren, a US citizen of Indian origin, shares her love of authentic Turkish cuisine (developed while living in Turkey) by offering it to friends. For others, cuisine selection is an opportunity to express a multicultural self-identity. Rayana, an Emirati who travels extensively and has a multicultural family background, blends these two different elements of her self-identity when she acts as a leader by making choices for friends when going out, and sharing her “fusion of foods” with guests at home.

4.2 Achieving social lubrication

Because of how it is consumed, food in general is a strong social agent (e.g. Douglas, 1982; Farb & Armelagos, 1980). Participants variously use cuisines to socialize with existing and new communities, learn, negotiate, mitigate consumption risks, and enhance their multicultural competence. The consumption of non-native cuisines in a multicultural environment can act as a social bridge to other people and their cultures. For example, Peter, an Englishman, describes how trying the ethnic food (Korean and Japanese) prepared by his English colleagues’ wives enhanced his appreciation of their culture. In this respect, cuisines act as ‘ambassadors’ to one’s social intentions towards others.

In some situations, the consumption of non-native cuisines is dictated by social obligation, such as on work-related occasions. Wilfrid, a German, became accustomed to Indonesian cuisine on an extended work assignment during which cuisine choice was dictated by business partners. Besides getting exposed to other cuisines, some such compulsory
situations bring unexpected results. Arnold’s (a Filipino) favourite cuisine is Indian, first experienced in an almost compulsory manner at a high school gathering.

As with new other adventures, a strong risk element is associated with trying new cuisines. Such risks are often mitigated socially: Soorya, an Indian, goes out with friends who are familiar with the cuisine and “gives them a chance to choose” for him. Taking the lead in choosing a cuisine for others also involves risk. The perceived risk of wrong cuisine choice is an influence on many of the study participants. Edwina, a New Zealander, for example, offers her guests Mexican food, because it is customizable at the table, thereby lessening risk.

5.0 Discussion and Conclusions

The well-established literature on food choices shows how food can fulfil utilitarian, hedonic, and emotional roles; while the acculturation literature shows the importance of food in identity choices. This paper adds to this literature by highlighting how in a multicultural setting, non-native, ethnic cuisines are also used to perform socialisation as well as identity projects. Several roles are identified. In terms of identity construction: we observe a tension between the use of non-native cuisines to reinforce one’s roots and identity, and conversely, their use to shape an evolving identity. In some cases, participants use different cuisines to perform both sides of this tension. Additionally, people use non-native cuisines discovered during ‘previous lives’ or during travels to enact their mobility and multicultural selves.

The acculturation literature (Cleveland et al., 2009; Peñaloza, 1994) has noted the role of food in providing migrants with an anchor to their ancestral home, Bardhi et al. (2012) show the food of a new locale can be used to quickly adapt to a new location. Thompson and Tambyah (1999), on the other hand, show how food can act as a bridge towards cosmopolitanism. This study brings new insights into further uses of non-native cuisines, by showing that they enable consumers, through exposure to the cuisines of third cultures, to increase their palette of tools available for identity projects.

The study also shows the different ‘social lubrication’ roles of non-native cuisines, for both social cementing (as is common with any food situation) and social bridging (as a symbolic means of cultural exchange). Living in a multicultural locale implies much socialising, including social obligations, which act as ‘multi-acculturation agents’. Of particular interest and novelty is when the non-native cuisine becomes an object of social negotiation. It throws light on the fact that much routine consumption is not the result of an individual purchase; rather it is socially negotiated. The social element also brings to the fore the role of ‘social risk’ (which people experience in cases of social obligations) and of the potential for ‘leadership’ when an individual can demonstrate their culinary competence. In this respect, the study shows how multicultural locales differ from tourism locations, which are typically devoid of social obligations, and how the tourism literature is limited in its capability to explore the roles that non-native cuisines might play in people’s everyday lives.

There are several managerial implications of this research. The importance of ethnic cuisines in the lives of consumers in multicultural contexts needs to be acknowledged by the food and hospitality industries in general. Although some adaptation may be necessary, care should be taken not to erode the cultural cueing of ethnic cuisines or dishes. This research also highlights that many consumers are highly engaged with non-native, ethnic cuisines. Marketers may wish to develop relationships with these passionate consumers, possibly through ‘ethnic brand’ communities. Risk is a major hurdle in choosing outlets or cuisines.
While the tourism literature has already dealt with how consumers mitigate cuisine risk (Cohen & Avieli, 2004), a new aspect here is the manner in which social relations are used to mitigate risk. Ethnic cuisine providers may wish to identify, within groups, whether anyone has any knowledge of the cuisine, and enable these individuals to exercise multicultural competence to enable party members to venture into new tastes.

This study has a number of limitations. First, the sample from which our data was obtained contained no participants under the age of 30. The data was also drawn from one location and was not a random sample of that city. Another weakness of the research was that some participants, at some points in their interviews, did not differentiate between the concepts of food and cuisine.

The study shows that consumers’ individual journeys towards trial and adoption of new cuisines is an area worthy of further research. Further analysis is underway to consider individual journeys in order to better understand the interaction between social lubrication and identity construction. A further step would be to develop an ethnic cuisine choice measure, which would enable a more thorough investigation of ethnic cuisine perceptions and consumption – an important area of investigation given the primary role of food in people’s lives and the potential for cuisines to facilitate identification and socialisation.

6.0 References


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Evidence for Adaptive Information Processing in Decision Sequences

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Abstract
Consumers make many decisions every day and many of these consist of sequences of decisions where a prior decision may influence the process and outcome of the next decision. For example, when shopping for multiple items in a grocery store the selection from one category may influence how a selection is made from a next category depending on the complexity of the product information and the number of items on display. This paper experimentally investigates how consumers process information in sequences of decision tasks where task complexity (number of available items) either increases or decreases. We track eye movements during the decision process and investigate how depth and breadth of search, and attribute- vs. alternative-based search processes depend on complexity. Contrary to previous research indicating that decision makers are “sticky adapters”, we find evidence that consumers adapt their information search processes very quickly in response to changes in task-based complexity.

Keywords: adaptive information processing, eye tracking, decision sequence, search pattern, task-based complexity

Track: Consumer Behavior

1.0 Introduction
Decision sequences are an integral part of consumers’ everyday shopping experience. In grocery shopping, consumers engage in up to hundreds of subsequent decisions to fill their shopping baskets. Each of the decisions in a sequence varies with respect to the number of alternatives and/or attributes relevant in the decision situation (task-based complexity). This paper contributes to the overall research question of how and when earlier decision contexts alter later decisions in multi-attribute choice tasks. More specifically, the goal is to test the degree to which changes in complexity influence information processing as well as to see how fast respondents adapt to such changes.

Previous research investigating single decisions has shown that task-based complexity has a significant effect on how consumers process information and decide among decision alternatives (see for example the meta-study by Ford et al., 1989). Many studies conducted within the framework of the adaptive decision maker (Payne et al., 1993) have demonstrated that decision makers make use of different decision strategies in different decision environments. However as recent as this year, Söllner et al. (2014 p.84) observe there is “no consensus about how people adapt their behavior”. This paper contributes to the above mentioned questions by monitoring information acquisition processes using standard eye-tracking equipment in increasing, decreasing, low or high task-based complexity decision sequences in multi-attribute choice tasks. We describe the decision alternatives within a conjoint-analytic setting typically used for measuring consumers’ preferences.

2.0 Literature Review
Previous studies addressing the effects of repeated decisions investigated whether initial purchases can drive the purchase of a second, unrelated product. Dhar et al. (2007) demonstrate the shopping momentum effect in several empirical studies. They propose that the initial purchase shifts respondents from a deliberation to an implementation mindset that then carries over to subsequent decisions. Therefore, in a grocery store the purchase probabilities in one product category increase the purchase probabilities in another, unrelated product category, just because consumers are in a “which to buy” mindset (Levav et al., 2012). Such behavior may be rational as behavior which has been once effective, is likely to also be effective in subsequent decision situations. Related research (Murray and Häubl, 2007) showed that the repeated consumption or use of a product increases the probability that a consumer will continue to choose that product over competing alternatives (called “cognitive lock-in”).

Similarly to a cognitive lock-in for products, Bröder and Schiffer (2006) investigated a cognitive lock-in for decision strategies. They examined the repeated use of decision strategies in decision environments with varying payoff structures and showed that most respondents use an optimal strategy at the beginning of a decision sequence, but retain these strategies even when they are no longer optimal. Their findings seem to indicate that, under certain circumstances, adaptive decision makers stick to their previously used strategies, which can lead to suboptimal decisions at the individual level.

Some recently published studies investigate the influence of task-based complexity in decision sequences. Levav et al. (2010) investigated depletion effects in the context of product customization decisions. The authors examine whether an increasing or decreasing assortment size influenced consumers’ probability to choose a default option in sequential choices. The authors’ findings support the hypothesis that exposure to a larger assortment size early in the decision sequence leads to depletion. They conclude that depleted consumers are more likely to simplify their decision processes, but did not investigate in detail how consumers processed the decision-relevant information.

Building on that earlier work, Levav et al. (2012) measured decision sequences to assess how information acquisition changes with varying complexity. They conclude that people may be more like “sticky adapters” (p. 596) which means that decision-makers will adapt to changes in the decision environment, but also persist in using search strategies which have been effective in previous tasks.

3.0 Hypothesis

In line with the results of Levav et al. (2012), we hypothesize that respondents who have processed information in a decision sequence of increasing task-based complexity
   a) search more deeply for information,
   b) search more widely for information, and
   c) search information more alternative-wise
in subsequent holdout choices compared to respondents who processed information in a decision sequence of decreasing task-based complexity. When consumers encounter a sequence of choices that decreases in size, they are supposed to enter a satisficing mindset and therefore search less information and process the decision alternatives less holistically.

4.0 Methodology

4.1 Participants and Design
Student subjects participated in a study regarding “vacation preferences”. They were presented eight sets of hypothetical vacation packages described in terms of six vacation package attributes (in fixed display order, all attributes with three levels). The packages were presented in sets of two, three, four or five alternatives. Each participant received a sequence of eight sets which varied across respondents over four levels: increasing complexity, decreasing complexity, stable but low complexity (two alternatives), or stable but high complexity (five alternatives). Two additional holdouts including three alternatives were presented to all respondents after the decision sequence.

4.2 Procedure

Upon arrival in the laboratory, Tobii software (Tobii, 2014) calibrated participants eye movements using a standard 9-point calibration routine. We then introduced vacation packages as the product of interest and asked respondents about their purchase experience, future purchase intention as well as purchase familiarity and involvement regarding vacation packages. Subsequently, we explained the attributes and attribute levels which were used to describe the vacation packages to respondents on several screens. Respondents then had to choose the best vacation package in each choice task. The allocation of respondents to the high, low, increasing and decreasing complexity conditions was random. All choice tasks were randomly generated with Sawtooth Software’s (2013) complete enumeration algorithm. Additional questions were asked after the sequence of choice tasks including search goals and perceived difficulty, frustration and similarity of options. The survey ended with socio-demographic questions. The results of the additional survey questions go beyond the focus of the current paper and are not discussed here.

4.3 Eye-Tracking Material

Eye movements were recorded in a laboratory using a Tobii T120 remote eye-tracking system. The areas of interest were defined as non-overlapping cells in the display matrix; they were all of equal size and the number ranged between twelve to thirty. Fixations were defined as continuous gazes within each area of interest. All other fixations, such as on question text, descriptions of the attributes and alternatives as well as selection buttons were ignored in the subsequent analysis. The data of 140 respondents are used for the following analysis.

5.0 Results

Comparing the holdout eye movements for the increasing and decreasing complexity conditions, we find no significant differences for either of the dependent variables representing depth of search, breadth of search and the attributes versus alternative wise processing (all p>.10). This suggests there is no carry-over effect from the complexity variations to later choice tasks. The initial decision sequence, whether increasing or decreasing in complexity did not significantly change the way in which information was processed in the holdouts. Respondents seem to adapt rather quickly to changes in the level of complexity in the initial decision sequence of eight choice tasks.

However, when comparing the high- and low-complexity conditions, the results show an unexpected, but significant carry-over effect for the low-complexity condition. Respondents in low-complexity condition, so who had received eights times a choice set of two alternatives prior to the holdouts processed information significantly more attribute-wise in the holdouts.
than those who were in the high-complexity condition and saw eight large choice sets of five alternatives. There were however no significant differences for depth and breadth of search. This indicates that carry over effects occur but only under certain circumstances. In the low complexity condition, by repeatedly allocating their attention in a similar way in the initial decision sequence, respondents seem to be inclined to stick to that search strategy, similar to the cognitive lock-in process regarding decision strategies found by Bröder and Schiffer (2006).

6.0 Discussion

Gigerenzer et al. (1999), based on earlier findings of Payne et al. (1993) as well as own empirical studies, proposed that decision makers use different decision strategies in different situations and choose these strategies from an “adaptive toolbox”. While there is vast empirical evidence that decision makers adapt to changes in the decision environment, it is less clear how quickly that adaption process takes place and what are the boundary conditions of adaptivity. We tested whether there are differences between respondents who have processed information in either an increasing or a decreasing complexity decision sequence in unrelated holdout choice tasks completed after a brief intermission task. Contrary to what has been observed by Levav et al. (2012) in another decision context, we do not find significant differences with respect to the depth and breadth of search and search patterns.

However, we do find evidence for significant carry-over effects to holdouts when respondents have been exposed to a constant low level of task-based complexity in their prior decision sequence. These respondents processed information significantly more attribute-wise in the holdout task, that is, they displayed search patterns similar to those observed in their initial decision sequence. This finding suggests that under certain circumstances “sticky adaptivity” may play a role in multi-attribute choice tasks. More research is needed to understand the boundary conditions of adaptivity. Eye-tracking can facilitate such research and is a suitable tool for monitoring and analyzing how these adaptation processes actually take place.

References


Do Australian pharmaceutical retail brands have different psychographic segmentation profiles?

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Abstract
A clear majority of the academic literature in marketing argues that one of the key activities a marketing manager is expected to undertake is that of segmentation, targeting and positioning the brand. This paper examines whether Australia’s top pharmaceutical retailers accurately reflect differing customer bases on psychographic segmentation profiles in practice. A sample of over 53,000 Australian households, from the 2012 Roy Morgan Single Source Survey was utilised to profile users of Australia’s nine largest pharmaceutical chains. The results suggest that there has been little difference in profiles of consumers across most of Australia’s largest pharmaceutical chains and if anything, they operate in a mass market. The results challenge whether segmentation strategies are successfully implemented in retail settings.

Keywords: Segmentation, Targeting, Consumer Profiles, Pharmacy Retail.
Track: Consumer Behaviour

Introduction
For decades segmentation has been purported as a key strategic activity for marketers (e.g., Dickson & Ginter, 1987; McDonald & Dunbar, 1998; Smith, 1956; Wind, 1978; Yankelovich, 1964). A clear majority of academic literature has argued that it is a crucial part of marketing strategy as it is the basis upon which targeting and positioning strategy is developed (e.g., McDonald & Dunbar, 1998; Yankelovich, 1964). Most text books state that a requirement for success of a segmentation programme is that the segmentation be measureable, substantial, accessible, different and actionable. This set of criteria has been attributed to Wedel, and Kamakura (1998, cited in Lemon & Mark, 2006), Kotler and Keller (2009, cited in Kazbare, Van Trijp, & Eskildsen, 2010), Kotler (1984, cited in Dibb, 1999) or Brassington & Petit (1997, cited in Rees & Gardner, 2005) to name a few.

While academic papers arguing the importance of segmentation are abundant, research on successful implementation of segmentation and targeting is rare. Recent literature has made observations about the difficulty actually implementing a segmentation programme (e.g., Dibb, 1999), whether it works in practice (e.g., Danneels, 1996), or whether segments do actually exist in markets (e.g., Uncles, Kennedy, Nenycz-Thiel, Singh & Kwok 2012; Kennedy & Ehrenberg, 2001a ; Kennedy & Ehrenberg, 2001b; Hammond et al, 1996) or remain stable over time if they are found (e.g., Esslemont & Ward, 1989; Hoek, Gendall, & Esslemont, 1993). Further to the research above, there have also been questions on the validity of targeting (Wright, 1996; Wright & Esslemont, 1994).

Very few studies have considered practical implementation of segmentation or targeting in the past. Previous empirical studies on consumer profiles of different markets with large databases indicate that successful implementation of segmentation is rare. Studies conducted of consumer profiles in a range of consumer markets (e.g., Uncles, Kennedy, Nenycz-Thiel, Singh & Kwok 2012; Kennedy & Ehrenberg, 2001a ; Kennedy & Ehrenberg, 2001b; Hammond et al, 1996), television viewing (Barwise & Ehrenberg, 1988; Collins, Beal, & Barwise, 2003) radio listening (Nelson-Field, Lees, Riebe, & Sharp, 2005; Nelson-Field &
Riebe, 2010; Winchester & Lees, 2013), financial markets (Lees & Winchester, 2014) have found very little evidence of successful segmentation or targeting.

**Australian Pharmacy Industry**

The Australian pharmacy industry is made up of a network of more than 5,000 predominantly individually owned pharmacies (TWC, 2011). The structure of the industry is shaped by the regulatory framework which governs key features including:

- Only approved pharmacies are entitled to payments for dispensing prescription medications which are subsidised under the PBS;
- Generally, only pharmacies can supply and dispense pharmacist only and pharmacy only medicines;
- Pharmacy ownership is generally restricted to registered pharmacists and limits are placed on the number of pharmacies a pharmacist can have an ownership interest in; and
- The location of approved pharmacies is controlled by regulation commonly known as the Pharmacy Location Rules.

While these regulations support the dispersed ownership of pharmacies, there are a number of arrangements available for pharmacists to gain economies of scale including:

- Buying groups: access to negotiated trading terms for a group of pharmacies;
- Banner groups: operate under a brand name for marketing as well as buying benefits; and
- Brands/franchise offerings: a full service retail pharmacy franchise offering focused on building a customer value proposition as well as marketing and merchandise services.

Of the approximately 5,000 pharmacies, some 1900 remain completely independent, with around 1400 affiliated with a buying group, and 1700 members of a banner and brand group (TWC, 2011).

Pioch and Schmidt (2001) argue that it is crucial for pharmaceutical retailers and their banner or buying groups to offer a unique proposition to the market. They propose that some pharmacies would target those consumers who are after knowledge, while others would target based on products. This is seen in the Australian pharmacy industry where differing groups specifically market towards women, families or have messages slanted towards price savings, service or knowledge and information. It has been empirically demonstrated that there are two types of market based on consumer purchase patterns, repertoire and subscription (Sharp, Wright, & Goodhardt, 2002). In a repertoire market any attempt at successful segmentation may be limited by the fact that any consumer is likely to buy more than one brand; meaning that the same consumers will be buying a number of brands in any market (Dawes, 2008; Byron Sharp, 2007; Uncles, Ehrenberg, & Hammond, 1995). This alone suggests that there is less likelihood that differences in customer profile across competitive brands is likely in a retail setting that operates within a repertoire market.

This study considers nine of Australia’s top pharmaceutical retail groups with both a national and regional distribution and considers whether they reflect differing psychographic segmentation profiles.

**Method**

The data used in this paper was collected through Roy Morgan’s 2012 Single Source Survey. The data was collected via personal interview with individual respondents and a sample of
over 53,000 was achieved. Around 4,800 respondents over 14 years of age are interviewed each month (over 48 weeks) from all states and territories in Australia.

The method for the analysis was inspired by Kennedy and Ehrenberg (2001a), who devised a simple yet effective method for determining differences in profiles of customers for competitive brands. Each brand’s customer profile is simply compared to the average brand to look for large deviations, which would be expected if brands were successfully targeting different segments of consumers. Deviations of more than five percentage points are highlighted. This figure has been derived because it is double the average MAD found in demographics in previous studies and therefore is a notable deviation (e.g., Hammond et al., 1996; Kennedy & Ehrenberg, 2001a). In addition to this Chi-square analysis was conducted between profile and average for each category. Although a large sample is used in this study, the analysis has been conducted with the top nine pharmacy retail brands by penetration to limit the likelihood of smaller brands biasing results due to sampling error.

**Results**

The two segmentation variables considered are the Roy Morgan ‘values segments’ and the ‘Helix Communities’. ‘Values Segments’ divide the market into 10 segments that includes demographics psychographics as well as the values, mind sets and attitudes that motivate consumer behaviour. The ten value segments are: Socially Aware, Visible Achievement, Young Optimism, Real Conservatism, Look at Me, Conventional Family Life, Traditional Family Life, A Fairer Deal, Something Better, and Basic Needs.

Helix Communities and the accompanying personas is a segmentation and data integration tool that combines sophisticated psychographic and behavioural data to classify the Australian population into 7 Communities and 56 Personas using a combination of Roy Morgan Single Source data and third party data sources. The 7 Communities are: Lifestyles, Metrotechs, Today's Families, Aussie Achievers, Getting By, Golden Years, and Battlers.

We also considered a range of health and fitness attitudes as several of the pharmacy groups specifically target health related themes. These were: ‘I always think of the number of calories in the food I'm eating’, ‘A low fat diet is a way of life for me’, ‘Health food is not necessary if you eat properly’, ‘I try to buy additive free food’, ‘I love to do as many sports as possible’, ‘I'm eating less red meat these days’, ‘I would like to be able to lose weight’, ‘I'm concerned about my cholesterol level’, ‘I try to get enough calcium in my diet’, and ‘I'm feeling well and in good health’.

The first segmentation variable to be explored is the ‘values segments’. Table 1 presents the deviations from average brand profile for each of the values segments. In line with the method used by Kennedy and Ehrenberg (2001a) deviations greater than five percentage points are highlighted in bold and italics. Given there are no deviations greater than five percentage points the results suggest there is no notable difference in customer profile for any of the pharmacy brands on each of the values segments. The two brands that have a five percentage point deviations are My Chemist which has a five percentage point deviation for ‘Traditional Family Life’ and Soul Pattison for ‘Socially Aware’. However, these deviations can be considered minor and no difference from the average is significantly different.

*Table 1: Deviations from the average for each Value Segment for each of the major Australian pharmaceutical retail groups*
Meanwhile, Table 2 presents the deviation from average brand for each of the Helix Communities.

### Table 2: Deviations from the average for each Helix Community for each of the major Australian pharmaceutical retail groups

<table>
<thead>
<tr>
<th></th>
<th>Leading Lifestyles</th>
<th>Metrotechs</th>
<th>Today’s Families</th>
<th>Aussie Achievers</th>
<th>Getting By</th>
<th>Golden Years</th>
<th>Battlers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemist Warehouse</td>
<td>-1</td>
<td>-1</td>
<td>-4</td>
<td>1</td>
<td>1</td>
<td>-1</td>
<td>1</td>
</tr>
<tr>
<td>Priceline</td>
<td>0</td>
<td>0</td>
<td>-2</td>
<td>-1</td>
<td>1</td>
<td>-1</td>
<td>4</td>
</tr>
<tr>
<td>Priceline Pharmacy</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-1</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Amcal</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>-2</td>
<td>1</td>
<td>1</td>
<td>-3</td>
</tr>
<tr>
<td>Terry White</td>
<td>-1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>3</td>
<td>-1</td>
</tr>
<tr>
<td>My Chemist</td>
<td>0</td>
<td>5</td>
<td>-2</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>-1</td>
</tr>
<tr>
<td>Chemmart</td>
<td>-1</td>
<td>-1</td>
<td>3</td>
<td>-1</td>
<td>-1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Soul Pattinson</td>
<td>0</td>
<td>-1</td>
<td>1</td>
<td>-1</td>
<td>-2</td>
<td>-2</td>
<td>1</td>
</tr>
<tr>
<td>Guardian</td>
<td>0</td>
<td>3</td>
<td>-1</td>
<td>2</td>
<td>-1</td>
<td>-2</td>
<td>0</td>
</tr>
</tbody>
</table>

Similar to the values segments, the ‘Helix Communities’ presented in Table 2 indicate two deviations from the average. For example, Soul Pattison appears to have slightly more of the ‘Leading Lifestyles’ and a lower proportion of the ‘Aussie Achievers’ while Amcal has more of the ‘Battlers’ and less of the ‘Leading Lifestylers’. Again, these deviations could be considered minor, as they are not significantly different. Such differences do not appear to indicate any clear segmentation may be related to the location of the various pharmacies. But that is an area for further research.

A range of health and fitness attitudes were explored as several of the pharmacy groups specifically target health related themes. This follows most of the academic literature that argues a positioning strategy should be developed as a crucial part of a segmentation strategy. Table 3 presents the proportion in each of the health and fitness attitudes and deviation from average brand for those attitudes for the pharmaceutical brands.

### Table 3: Deviations from the average for each health and fitness attitude for each of the major Australian pharmaceutical retail groups

<table>
<thead>
<tr>
<th></th>
<th>Basic Needs</th>
<th>Fairer Deal</th>
<th>Traditional Family Life</th>
<th>Conventional Family Life</th>
<th>Look At Me</th>
<th>Something Better</th>
<th>Real Conservatism</th>
<th>Young Optimism</th>
<th>Visibly Achievable</th>
<th>Socially Aware</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemist Warehouse</td>
<td>-1</td>
<td>-1</td>
<td>-4</td>
<td>1</td>
<td>1</td>
<td>-1</td>
<td>-1</td>
<td>1</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Priceline</td>
<td>0</td>
<td>0</td>
<td>-2</td>
<td>-1</td>
<td>1</td>
<td>-1</td>
<td>-1</td>
<td>4</td>
<td>-1</td>
<td>0</td>
</tr>
<tr>
<td>Priceline Pharmacy</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-1</td>
<td>2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Amcal</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>-2</td>
<td>1</td>
<td>1</td>
<td>-3</td>
<td>1</td>
<td>-2</td>
<td>-2</td>
</tr>
<tr>
<td>Terry White</td>
<td>-1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>3</td>
<td>-1</td>
<td>-1</td>
<td>-1</td>
<td>-4</td>
</tr>
<tr>
<td>My Chemist</td>
<td>0</td>
<td>5</td>
<td>-2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>-1</td>
<td>-4</td>
<td>-4</td>
</tr>
<tr>
<td>Chemmart</td>
<td>-1</td>
<td>-1</td>
<td>3</td>
<td>-1</td>
<td>-1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-2</td>
<td>2</td>
</tr>
<tr>
<td>Soul Pattinson</td>
<td>0</td>
<td>-1</td>
<td>1</td>
<td>-1</td>
<td>-2</td>
<td>-1</td>
<td>-2</td>
<td>1</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Guardian</td>
<td>0</td>
<td>3</td>
<td>-1</td>
<td>2</td>
<td>-1</td>
<td>-2</td>
<td>-2</td>
<td>0</td>
<td>-1</td>
<td>-1</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th></th>
<th>Watch Calories</th>
<th>Low fat diet</th>
<th>Health food not necessary</th>
<th>Buy additive free food</th>
<th>Do sports</th>
<th>Eat less red meat</th>
<th>Like to lose weight</th>
<th>Concerned about cholesterol</th>
<th>Get calcium</th>
<th>Feeling in good health</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemist Warehouse</td>
<td>2</td>
<td>-1</td>
<td>0</td>
<td>-1</td>
<td>0</td>
<td>-1</td>
<td>1</td>
<td>1</td>
<td>-1</td>
<td>1</td>
</tr>
<tr>
<td>Priceline Pharmacy</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>-2</td>
<td>3</td>
<td>0</td>
<td>-1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Priceline Pharmacy</td>
<td>3</td>
<td>1</td>
<td>0</td>
<td>-1</td>
<td>-1</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Amcal</td>
<td>-1</td>
<td>0</td>
<td>2</td>
<td>-1</td>
<td>-2</td>
<td>-3</td>
<td>-2</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Terry White</td>
<td>1</td>
<td>-3</td>
<td>1</td>
<td>-2</td>
<td>-3</td>
<td>1</td>
<td>0</td>
<td>-3</td>
<td>1</td>
<td>-1</td>
</tr>
<tr>
<td>My Chemist</td>
<td>2</td>
<td>2</td>
<td>-4</td>
<td>0</td>
<td>3</td>
<td>1</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td>-5</td>
</tr>
<tr>
<td>Chemmart</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>7</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>-1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Soul Pattinson</td>
<td>-3</td>
<td>-1</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-3</td>
<td>0</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Guardian</td>
<td>-4</td>
<td>-1</td>
<td>-3</td>
<td>-2</td>
<td>2</td>
<td>-2</td>
<td>6</td>
<td>1</td>
<td>-2</td>
<td>-3</td>
</tr>
</tbody>
</table>

Again there is little deviation across the brands with Chemart having a slight deviation towards those who like to buy additive free food and the Guardian brand having a deviation towards those that like to lose weight. No deviations were significantly different from the average for each variable. Again, the clear lack of any noticeable deviations seems to indicate that positioning strategies based on segmentation profiles has not been effective.

Discussion
The results suggest little evidence for deviations from average for the values segments, and a couple of deviations for the Helix Communities. While it may appear that the Soul Pattison brand has more ‘Leading Lifestyles’ customers and the Amcal brand has a slight bias to having more ‘Battlers’, in real terms there is no brand that could reasonably argue that their brand successfully targeted a particular segment to the exclusion of all others. In addition, once brand size is taken into account, the largest retailer in the market, Chemist Warehouse, attracted more customers in absolute numbers in all segments.

The results of this study complement previous research that explored whether different brands attracted different profiles of customers to competing brands. Given the number of previous conceptual studies that outline the importance of segmentation, targeting and positioning and the previous case studies highlighted that specifically indicate there are segments in the financial services market, the results of this study may be surprising. However, when one considers empirical studies conducted across industries such as financial services (e.g. Hammond et al., 1996; Kennedy & Ehrenberg, 2001a; Lees & Winchester, 2014) retail (Kennedy & Ehrenberg, 2001a) and media (Barwise & Ehrenberg, 1988; Nelson-Field, Lees, Riebe, & Sharp, 2011; Nelson-Field & Riebe, 2010; Winchester & Lees, 2013), the results are consistent with earlier research.

While researchers such as Pioch and Schmidt (2001) argue that it is crucial for pharmaceutical retailers to offer a unique proposition to the market, the results of this study suggest either this is not occurring in the Australian pharmacy market or consumers simply do not identify with the different brand offerings in the marketplace. One obvious reason for this, is that pharmacies operate in a repertoire market, and it is likely the same customers are buying from a range of competing pharmacy brands, in line with the Duplication of Purchase Law (Dawes, 2008; Byron Sharp, 2007; Uncles, Ehrenberg, & Hammond, 1995).

Conclusion
While segmentation by the majority of marketers is seen as a key strategic activity (e.g., Dickson & Ginter, 1987; McDonald & Dunbar, 1998; Smith, 1956; Wind, 1978; Yankelovich, 1964), the results of this research are consistent with prior studies that raise question as to the success of the segmentation strategies and whether in fact there is any segmentation – in this case – within the differing pharmaceutical brands. Other than for some minor deviations in both the value segments and helix Communities, it appears that there is no actual segmentation. It could be argued that most pharmacy groups’ customers do not see much of a difference between them. Further research is required to see if there is any specific loyalty towards a pharmacy group or whether customers shop from within their own repertoires. It could be that customers simply shop at their nearest pharmacy – whichever brand it may be. Further research could also be undertaken looking at other possible segmentation variables or a comparison between an analysis such as this and a forced method such as cluster analysis on the same dataset to compare results.

References


Is There Product Segmentation in Australia’s Top Ten Banks

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Abstract
Segmentation and targeting are cited as being a core part of marketing strategy for any organisation. This paper examines whether the top ten Australian Banks have successfully managed to segment the market and target consumers with different products. A sample of 52000 Australian households from the Roy Morgan Single Source Survey was utilised to profile users of Australia’s top ten banks by market share. The results indicated that there is some segmentation or partitions evident in some banking products, but for the most part there was little difference in customer profile across products offered by Australian banks.

Keywords; Segmentation, Targeting, Consumer Profiles, Financial Services
Track: Consumer Behaviour

Introduction
For decades targeting of unique segments of any market has been seen as a key strategic activity for marketers (e.g., Smith, 1956; Wind, 1978; Dickson & Ginter, 1987). Segmentation is a the first step in a firm’s marketing strategy, as it is the basis upon which targeting and positioning strategy is developed (e.g., Yankelovich, 1964; McDonald & Dunbar, 1998).

Previous research on segmentation in the financial services industry is mixed. Most of the research on bank brand segmentation and targeting comes out of the United Kingdom, but the vast majority of it revolves around brand segmentation and is written on the basis of arguing for the importance of segmentation in strategy than providing empirical evidence that segmentation actually works in practice (e.g., Elder, 1988; Elliott, 1986; Fiori, 1984; Gorman, 2003; Jarvis & Brand, 1998; Scott, 1988; Simmonds, 1990; Stanford-Dowling, 1982; Walker, 1995).

While it is evident from the paragraphs above that there is a plethora of academic papers and industry case studies arguing the importance of the practise of segmentation, surprisingly research on successful implementation of segmentation and targeting has been notable by its absence (e.g., Hammond, Ehrenberg & Goodhardt 1996; Winchester & Lees, 2013). There have been concerns raised about the ability of successful implementation of a segmentation programme that include the inability to implement (e.g., Dibb, 1999) whether segmentation can practically work in a market (e.g., Danneels, 1996) or whether segments do actually exist in markets (e.g., Uncles, Kennedy, Nenycz-Thiel, Singh & Kwok 2012; Kennedy & Ehrenberg, 2001a ; Kennedy & Ehrenberg, 2001b; Hammond et al, 1996) or remain stable over time if they are found (e.g., Hoek, Gendall & Esselmont 1993; Esselmont & Ward, 1989). Further to the research above, there have also been questions on the validity of targeting (Wright, 1996; Wright & Esselmont, 1994).

Previous empirical studies on consumer profiles of different markets with large databases indicate that successful implementation of segmentation is rare. Studies conducted of consumer profiles in a range of consumer markets (Kennedy & Ehrenberg, 2001a; Kennedy &
Ehrenberg, 2001b; Hammond et al, 1996), television viewing (Barwise & Ehrenberg, 1988; Collins, 2003) and radio listening (Nelson-Field, Lees, Riebe & Sharp 2011;Nelson-Field & Riebe, 2010;Winchester & Lees, 2013) have found very little evidence of successful segmentation or targeting. In particular, the results of the studies conducted into media are worthy of note, as if there is little difference in profiles of different television or radio stations, then it is virtually impossible for a brand to target consumers using these forms of media.

As it has been empirically demonstrated, there are two types of market based on consumer purchase patterns, repertoire and subscription (Sharp, Wright & Goodhardt, 2002). In a repertoire market any attempt at successful segmentation may be limited by the fact that any consumer is likely to buy more than one brand; meaning that the same consumers will be buying a number of brands in any market (e.g., Uncles, Ehrenberg & Hammond, 1995; Sharp, 2007; Dawes, 2008 ). This alone suggests that there is less likelihood that differences in customer profile across competitive brands is likely. Subscription markets on the other hand are more likely to have consumers use one brand for a period of time (Sharp et al, 2002). It is on this basis that the financial services market would suitable as a potential market in which stable segments if they exist, may be found. However, in spite of the fact that subscription markets would be expected to be more likely to find segments if they existed, evidence of successful brand segmentation and targeting in financial services markets is far less prolific, and to the contrary empirical research has suggested that brand segmentation programmes in financial services may not be successful (Gabbott, 1992; Wingate, 1988; Lees & Winchester, 2014).

While brand segmentation has been the subject of many studies over the years, very few studies have considered the success of product segmentation, which targets different product offerings at different consumers. This is in spite of the fact that early writings on segmentation considered it important (e.g., Smith, 1956; Assael, 1976) and more recent writings have confirmed the existence of product based partitions, for example Hammond et al, (1996) found the existence of such functional product based segmentation in breakfast cereals. The aim of this paper is to explore whether product segments exist in the consumer financial services market in Australia.

This study considers whether there are differences in customer profiles of financial services products in Australia. It aims to replicate and extend research on segmentation, targeting and positioning such as that conducted in the financial services markets by Kennedy and Ehrenberg, (2001a) Romaniuk (2001) and Lees and Winchester (2014) , by exploring whether there are distinct segments of customers using different financial services products.

Method

The data used in this paper was collected through Roy Morgan’s 2011 Single Source Survey. The data was collected via personal interview with individual respondents and a sample of around 52,000 was achieved. Around 4,200 respondents over 14 years of age are interviewed each month (over 48 weeks) from all states and territories in Australia. The method for the analysis was inspired by Kennedy and Ehrenberg (2001a), who devised a simple method for determining differences in profiles of customers for competitive brands. Each brand’s customer profile is simply compared to the average brand to look for large deviations, which would be expected if brands were successfully targeting different segments of consumers. Deviations of more than five percentage points are highlighted. In addition, a Chi SquarE
significance test is presented. Although a large sample is used in this study, the analysis has been conducted with the top ten financial services brands by penetration to limit the likelihood of smaller brands biasing results due to sampling error.

Results and Discussion

The first segmentation variable to be explored is gender. Table 1, above presents the gender profile for each of the major financial services products offered by the major banks in Australia. The results show two of the accounts have distinct and significant deviations; the Deeming or Pensioner account has a greater proportion of women than average and the Cash Management account has a greater proportion of men than the average product. Both of these deviations were only seven percentage points difference from the average profile. Otherwise, there was no notable gender difference across the product range.

Table 2: Gender profile of Australian banking customers

<table>
<thead>
<tr>
<th>Account</th>
<th>Proportion by gender</th>
<th>Deviation by gender</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Savings or Transaction Account</td>
<td>Male: 50 Female: 50</td>
<td>Male: -1 Female: 1</td>
</tr>
<tr>
<td>High Interest Online Account</td>
<td>50 50</td>
<td>-1 1</td>
</tr>
<tr>
<td>Bonus Interest or Reward Based Account</td>
<td>46 54</td>
<td>-5 5</td>
</tr>
<tr>
<td>Term Deposits</td>
<td>48 52</td>
<td>-3 3</td>
</tr>
<tr>
<td>Deeming or Pensioner Account</td>
<td>42 58</td>
<td>-9* 9*</td>
</tr>
<tr>
<td>Cash Management Account</td>
<td>56 44</td>
<td>5 5</td>
</tr>
<tr>
<td>Mortgage Offset or Loan Offset Account</td>
<td>51 49</td>
<td>0 0</td>
</tr>
<tr>
<td>Share Trading Account</td>
<td>66 34</td>
<td>15** -15**</td>
</tr>
<tr>
<td>Overall Account Profile %</td>
<td>51% 49%</td>
<td></td>
</tr>
</tbody>
</table>

Table 2, above presents the deviation from average product profile for age group across banking products.

Table 3: Age profile of Australian banking customers

<table>
<thead>
<tr>
<th>Account</th>
<th>Deviation from average brand for age group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Savings or Transaction Account</td>
<td>14-17 18-24 25-34 35-49 50-64 65+</td>
</tr>
<tr>
<td>High Interest Online Account</td>
<td>0 5 5 3 0 -13*</td>
</tr>
<tr>
<td>Bonus Interest or Reward Based Account</td>
<td>0 9** 8* 1 -3 -15**</td>
</tr>
<tr>
<td>Deeming or Pensioner Account</td>
<td>8** 6* 5 1 -5 -15**</td>
</tr>
<tr>
<td>Term Deposits</td>
<td>-1 -4 -7* -11** 3 20**</td>
</tr>
<tr>
<td>Cash Management Account</td>
<td>-2 -6* -11** -21** -10 49**</td>
</tr>
<tr>
<td>Mortgage Offset or Loan Offset Account</td>
<td>-1 -3 -6 -2 9 5</td>
</tr>
<tr>
<td>Share Trading Account</td>
<td>-2 -4 4 22** 1 -22**</td>
</tr>
<tr>
<td>Overall Account Profile %</td>
<td>2% 6% 12% 24% 27% 27%</td>
</tr>
</tbody>
</table>
Table 2, above, presents the deviation from average brand across age groups for the different products. In line with the method used by Kennedy and Ehrenberg (2001a), deviations greater than five percentage points are highlighted in bold and italics in all tables, along with indication of significance at the 0.05 level (*) and 0.01 level (**). Unlike the findings for gender, the age segmentation variable does present a few large deviations from average. For example, there is a distinct deviation in age profile of Deeming or Pensioner accounts, where almost half of the account holders are over 50. This is to be expected as ‘Deeming Accounts’ are only available to being who are retired. It can also help explain why there is a deviation for gender with these accounts as women have a longer life expectancy than men. Another notable deviation is the mortgages are more likely to be held by middle-aged consumers.

Table 3, below, highlights the deviations from average financial services brand across a measure of Socio Economic Status. The results indicate that higher Socio Economic Quintiles are more likely to have High Interest Online or Bonus Interest/Reward Based accounts. Lower Socio Economic Quintiles are more likely to have Deeming/Pensioner Accounts or Term Deposits.

Table 4: Socio-Economic profile of Australian banking customers

<table>
<thead>
<tr>
<th>Deviation from average brand for Socio Economic group</th>
<th>AB Quintile</th>
<th>C Quintile</th>
<th>D Quintile</th>
<th>E Quintile</th>
<th>FG Quintile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Savings or Transaction Account</td>
<td>-1</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>-2</td>
</tr>
<tr>
<td>High Interest Online Account</td>
<td>3</td>
<td>5</td>
<td>2</td>
<td>-2</td>
<td>-8</td>
</tr>
<tr>
<td>Bonus Interest or Reward Based Account</td>
<td>-6</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Term Deposits</td>
<td>-6</td>
<td>-2</td>
<td>-1</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Deeming or Pensioner Account</td>
<td>-20**</td>
<td>-11**</td>
<td>-5</td>
<td>8</td>
<td>29**</td>
</tr>
<tr>
<td>Cash Management Account</td>
<td>3</td>
<td>1</td>
<td>-1</td>
<td>0</td>
<td>-2</td>
</tr>
<tr>
<td>Mortgage Offset or Loan Offset Account</td>
<td>20**</td>
<td>6</td>
<td>-3</td>
<td>-8*</td>
<td>-13**</td>
</tr>
<tr>
<td>Share Trading Account</td>
<td>21**</td>
<td>4</td>
<td>-4</td>
<td>-7</td>
<td>-14**</td>
</tr>
<tr>
<td>Overall Account Profile %</td>
<td>23%</td>
<td>19%</td>
<td>19%</td>
<td>18%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Discussion

Given previous research (e.g., Gabbott, 1992; Wingate, 1988; Lees & Winchester, 2014) has indicated that brand segmentation in financial services brands is unlikely to exist, this research confirms the early suggestions (e.g., Smith, 1956; Assael, 1976) of the potential for functional product based segmentation and is consistent with previous research that shows product based segmentation or market partitions can occur in practice (Hammond et al, 1996). Given the large sample size of over 50,000, and method used in this study, the results suggest that it is quite likely that researchers will find evidence that different financial products, rather than brands serve different segments in other markets. While previous research suggests that that any bank’s customer is a typical bank customer, this research suggests that not every product’s customer is a typical customer.
Conclusion
Brand segmentation and targeting are portrayed as key strategic activities for marketers, however previous research demonstrates in practice either targeting has not been successfully implemented or segments simply do not exist in financial services markets. This research has extended previous research however, by demonstrating that products in the financial services industry that are functionally different do seem to attract different types of customers. In addition, future research is required in a range of other industries across other countries to establish whether this empirical finding is generalisable across industries.

References


Australian Multicultural Consumer Diversity: A Study on Muslim Consumers’ Perception towards Halal Labelling

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Abstract
This paper reports empirical findings of an exploratory research on Australian Muslim consumers’ perception towards Halal labelled products and consumption decision making behaviour on other alternatives. Participants of four Focus Group studies in two Australian cities revealed that while Halal certification is important in consumption decision making, Halal label alone has limited universal appeal as a cue in their purchase decision. Country of origin effect and ethnocentrism are found playing an important role. Products from certain countries can be doubtful despite Halal labelling, whilst products from other countries can be trusted even not certified. Muslim consumers also accept general alternatives from trustworthy companies that do not contain any non-halal ingredients. This research contributes to the understanding of Muslim consumer behaviour for Australian marketers to design appropriate value proposition to exploit fast growing domestic and global Muslim markets. It concludes with implications, limitation and future research needs.

Key words: Halal brands, Muslim consumer behaviour, Halal consumption, country of origin
Track: Consumer Behaviour

Introduction
Culture plays an important role in the way people behave. Since religion as part of culture influences consumption related values and behaviour an understanding of the underlying behavioural patterns through a religious lens can provides a distinctive opportunity for marketers. In a seminal article published in Journal of Business Research El-Bassiouny (2014) highlights “the opportunity costs involved with marginalizing the one billion plus Muslim consumer segment and presents a conceptualization of Islamic religiosity and its marketing implications” (p.42). The fastest growing Muslim market around the world is fundamentally different in terms of motivation and behaviour where Islamic dietary and prescribed consumption rules influence Muslim consumers’ decision-making process (Alserhan, 2010a; El-Bassiouny, 2014; Razzaque & Chaudhry, 2013). Like Koser for Jews, Islam prescribe “Halal” (an Arabic term for permitted) consumption for its followers that contributes to the growth of Halal labelling of products and services to satisfy Muslim market demands (El-Bassiouny, 2014). In 2007, A.T. Kearney (Walker, Buchta, Reuter, and Gott, 2007) estimated market for Halal goods and services worth US$2 trillion annually and currently it is estimated to worth over 3 trillion US dollars (World Halal Forum, 2014). However, acceptance of such labelling is rather a complex issue because faith based markets are sensitive towards contradictions within the essence of a corporation and what they sell (Wilson and Liu, 2010). Thus, the perceived “essence” of a corporation is capable of influencing the Muslim consumers. Similar to the US and most Western European countries multicultural and ethic consumer diversity in Australia is a challenge and an opportunity for Australian businesses. As change agents marketing managers should take the challenge and look for way forward with clear understanding the market. However, scientific research on Australian Muslim consumers’ perception toward Halal labelling and the consumption behaviour is scarce (Razzaque & Chaudhry, 2013). This research aimed at studying their awareness and perception towards Halal consumption. This paper reports the findings of the study and briefly highlights implications, limitations and suggestions for future research.
Literature Background:
The concept of ‘Halal Branding’ or “Halal Labelling” is relatively new to position products to Muslim consumers as compliant to Islamic principles (Young, 2007). Alserhan (2010b) defines Islamic branding as a brand that is based on ethics and values of Islam. The concept of “Halal” is the core of this labelling that means lawful or permissible in Islamic jurisprudence (called Sharia) and it applies to all areas of Islamic life including food, drinks, dress, pharmaceutical, personal care products and many services. As part of the belief system and moral code of conduct in Islam its followers would search for Halal way of life for rewards and abstain from haram (non-permissible or prohibited) to avoid committing sin and punishment (Alserhan, 2010a; Wilson and Liu, 2010). Halal labelling can position a product distinctively from its non-halal alternatives and help Muslim consumers’ choice of products and services from among the alternatives. However, all consumer products with such labelling are still not readily available to all Muslims and not all Muslim consumers always accept every product with halal labelling. In other words, consumption decision making of Muslim consumers is diverse and complex; and it is even more so in non-Muslim country markets where availability of halal alternatives are scarce. Some scholars used Theory of Planned Behaviour (TPB) to investigate Muslim consumers’ adoption of Halal labelled products in Muslim minority country (Bonne, Vermeir, Florence and Verbeke, 2007; Bonne, Vermeir and Verbeke, 2009) and Muslim majority country contexts (Mukhtar and Butt, 2012) and found conflicting results. While Bonne and colleagues report that self-identity and dietary requirements (as prescribed in Islam) are important determinants of halal meat consumption among Muslim consumers in Belgium and France, studies in Muslim majority countries revealed subjective norms and religiosity as highly significant determinants of halal consumption in general. Razzaque and Chowdhury (2013) found that high religiosity influence Australian Muslim consumers’ high involvement in information search and purchase of Halal products and services. El-Bassiouny (2014) also conceptualised similar consumption behaviour of Muslim consumers in a global context.

Some researchers investigate Muslim consumers’ acceptance of different categories of Halal labelled products and their general alternatives in the market (Ali, 2012; Zyl, Mokonenyane, Kebatile, and Ali, 2013). Alserhan (2010b) conceptualised three conditions of Islamic brands as “by compliance, by origin and by customer [market target]” (p.39). Initially he argued that a brand is Islamic (Halal) if it meets one or more of these three conditions (Alserhan, 2010a) but later he elaborated the concept further (Alserhan, 2010b). He explained that while Shariah-compliance (certification by an Islamic authority) and targeting Muslim markets are two core requirements of a Halal brand but the country of origin of such a brand is also an important condition (Alserhan, 2010b). From this perspective a Shariah-compliant product originated from a Muslim majority country and targeted to Muslim markets is categorised as “true halal brand” but such a product originated from a Muslim minority country is categorised as “inbound halal brand”. Alserhan (2010b) also categorised a non-Shariah compliant product as halal if it is originated from a Muslim majority country and targeted to Muslim markets (he used the term “assumed halal”) (Alserhan, 2010b). However, research reveal that some Muslim consumers express doubt on trustworthiness and authenticity of the Halal certification from different Muslim majority and Muslim minority countries and acceptability of the concept of “assumed halal” (Ali 2012; Zyl et al, 2013). Consumers’ country of origin was found to moderate their perception towards Halal products’ country of origin. Thus, it is likely that other available information on the label can be used for Muslim consumers’ purchase decisions, including but not limited to the country-of-origin. Some limited research (Vohra, Bhalla and Chowdury, 2009) report that Muslim consumers in different countries differ in degrees of conservativeness. Hence, the country context could be
an important moderator in Muslim consumers’ perception towards the Halal products that they purchase.

Besides these halal alternatives, Muslim consumers regularly consume other products either by choice or due to non-availability of Halal alternatives but how such purchase decisions are made are not clearly known. Jamal and Sharifuddin (2012) reported that Muslim shoppers in UK use Halal labelling and ingredients lists as information cues to make their purchase decision. Despite the seemingly practical expectations about Muslim consumers’ behaviour, no a priori hypotheses can be developed for theory testing in this research due to the lack of sufficient empirical evidences. However, this will help conceptualisation of Muslim consumers’ product and service choice dynamics for future research.

Methodology
This exploratory study collected data from focus group studies to investigate Muslim consumers’ awareness and perception towards Halal products and their alternatives in the market. Focus group interviews allow for broader and deeper insights into the topics compared to structured quantitative research methods. This method allowed for interactive research with a small group that can provide the researcher information through their discussion and observing their emotional states and responses. As per university Ethics Committee requirements, volunteer participants for four Focus Groups in two major cities were recruited through poster in four Mosques. Prior to the interview, participants were given an explanatory statement describing the nature and objectives of the study, voluntary nature of participation and the anonymous reporting of findings. The researcher moderated the focus group interviews to initiate discussion on all important and relevant issues, probing, balancing participation among participants and encouraging participants to discuss any issue they find relevant. A semi-structured interview schedule was used and interviews lasted around 90 minutes each; and all interviews were audio recorded with permission to facilitate verbatim transcription of the collected information. Participants were in their early 30s to 65 years of age and represented different professions including business, education, engineers, doctors and general working people.

Findings
Halal Awareness, Identification and Trust on Halal Labelling: To understand participants’ awareness of the nature of halal consumption alternatives, participants were asked about the categories of products and services they may consider Halal. While they mostly indicated food products first, some respondents mentioned clothing, personal care, hospitality and financial services. However, one participant noted that “most of the focus of the Muslim community is around consumables, as in the things that we eat and drink” (BB2). This clearly focuses primarily on food-related products.

Another participant provided an interesting insight about halal certified products when he said:

*We’re thinking it is [Halal product] normally from Malaysia or Muslim country. We think it is edible [i.e., halal/acceptable]* (BB1)

This suggests that Halal certification is associated with a Muslim country that has significant Halal support system and therefore perceived as a reliable source for acceptable products.

When asked about the identification of a Halal product, most participants shared that they usually check for Halal logos before they buy products but it became clear that checking ingredients was also commonly used. Participant BA4 explained this way:

*I do not look at only even halal symbol, depends where it is coming from, who is making the product. I agree with the other brother [about checking the ingredients even when there is a*
you have to look at the sources, where it comes from [...]. I need to check who is this guy who is selling me the meat, which farm it is coming from? Is he a Muslim or not? Thus, the halal symbol, certifying authority, the producer, the country-of-origin of the product, and/or its ingredients somehow considered in purchase decision-making process. However, these factors are not necessarily distinct from each other.

Credibility of a halal symbol is certainly associated with its recognition as trustworthy. To understand participants’ level of recognition of halal symbols, a sheet containing halal symbols of Australian and foreign Halal certifying authorities was shown and asked to tick symbol they can recognize. While most participants were able to identify Halal logos of the Australian Federation of Islamic Council (AFIC) and Halal Certification Authority, Australia, they were unaware of more than 10 other certifying bodies in Australia. Most participants also identified Halal logo of some Halal certifying authorities in other countries, where the Halal logo of Malaysian JAKIM was most recognized. The study found mixed response when participants were asked about their intention to purchase imported products that was certified by those foreign authorities. While most participants showed interest, some had reservation.

People in favour said:

*I will buy it because it’s coming from Muslim country and certified.* (BB2)
*If it is coming from Muslim country and it’s organized by the central body, I will definitely buy it.* (BB1)

Those who disagreed explained this way:

*Because some Muslim countries are by name they are Muslim country but their culture and everything is not like a Muslim country.*

A participant in Melbourne (D4) supported the sentiment of BA1 by associating a country’s westernisation.

*Even though it’s Muslim country, it is too westernised with too many organisations, too much of business there.*

This clearly indicates distrust on the certifying authorities to fulfil the Halal requirements for certification. The reason for participants’ apprehension and doubt towards certification may be based on lack of involvement and control of the proper Islamic bodies in the process. This finding clearly refutes Alserhan’s (2010b) definition of “true halal” branding and supports the country-of-origin effect on Halal labelling of products.

Acceptance of “Assumed Halal” Labelling and Inbound Halal Labelling: The research then moved on to the second phase, where the respondents were asked if they would be willing to accept products from an Islamic country that is not certified halal. Again the research reveals mixed finding. Some were willing to accept as explained below:

*If you are in a Muslim country, then it is generally considered that the products are halal. You don’t necessarily have to check it.* (BB3)
*I will definitely go for it, even there’s no halal certificate.* (BA1)

However, for some other participants an Islamic country-of-origin was not sufficient to be halal without a certificate. They expressed their feeling as follows:

*If there’s no halal certificate, even it’s from Muslim country; I really cannot have my trust on it so I try to avoid it.* (BA5)
*I wouldn’t care less where it comes from even from Medina or Mecca [...] even if it comes from Saudi Arabia, from Pakistan, India, whatever, it should have the halal sign. If it doesn’t have a halal sign, then I’ll question.* (D3)

Thus, an Islamic country-of-origin is not considered an assurance for some of the respondents. This was reflected in the short experiment conducted by the facilitator during this point to stimulate discussions. A packet of instant noodles manufactured in a Muslim country but without a Halal logo (deliberately hided country-of-origin for the experiment) was
passed around and the participants were asked about their willingness-to-buy. Most participants indicated their unwillingness to buy despite repeated reminder that it was manufactured in one of the Muslim countries either in South Asia or Middle-East. However, a substantial number of them changed their mind when it was revealed that the product was manufactured in Saudi Arabia and another intact packet was passed around for their verification. The justifications for change of mind were expressed as follows:

*There is no chance to produce any non-halal products or food in Saudi Arabia. So that’s why I will buy it definitely even I will not check the logo.* (D5)

*I think I will more probably buy the product because they are Muslim too. I think they will have the fear of Allah and they will think before doing anything haram.* (BA1)

This again reconfirms the influence of country-of-origin that can be surprisingly based on Muslim consumers’ perception of Islamic-ness of some Muslim countries only but it clearly refutes the concept of “assumed Halal” labelling in general. In other words, Islamic country-of-origin is not the only source of reassurance, it is seen that Halal certification still carries importance for most.

At the third phase of the focus group deliberation, participants were asked if they were willing to purchase a Halal certified product originated from a Muslim minority country such as India, Philippines, Singapore, South Africa, and Thailand. A mixed perception was found and various factors were found to be relevant when participants considered products from such countries. For example, when one participant from Brisbane (BB2) voiced concern about Halal certified products from a country with “vast majority atheist” population like China and Russia but he changed his mind when a fellow participant (BB4) reminded him about “over 100 million Muslims” there. Moreover, Halal certifying authority’s adherence to “Sharia compliance” and trustworthiness was highlighted by participants. Some participants were worried about corrupt practices of the certifier as highlighted by one participant in Melbourne:

*We don’t know whether this company paid a certifier X amount of dollars […] for the certificate without proper verification. This is the thing where I am a bit sceptical when it comes from [name of countries withheld].* (D3)

This type of comments may not necessarily be true rather than what people perceive, but perceptions do offer insight into consumer behaviour. However, non-Muslim countries as sources of Halal certified products are not necessarily unwelcomed by participants as long as corrupt image is avoided. For example, one participant strongly believed that a non-Muslim country would have a superior certified product:

*Definitely without any question I’ll eat, because to have a product certification in a non-Muslim country is not the easy thing to do and people will investigate. There’s a lot of Muslim around who does it before. So I will be more confident eating a certified halal product from a non-Muslim country because they follow 100% procedure.* (BB1)

Similar sentiments were expressed by majority and they intended to accept halal-certified products from non-Muslim countries with positive image (Singapore and Thailand were named). Thus, it could be posited that the image of a country’s trustworthiness is an important consideration, especially when it is a non-Muslim country. This point was also echoed in an earlier personal interview with an Islamic religious leader and academic in Australia. While this addresses the notion of ‘authenticity’ for the country-of-origin in terms of its Islamic-ness, the importance was also placed on the certification authority for their trustworthiness.

An interesting observation was surfaced where the country context was not limited to the country-of-origin of the product but also the country where it is consumed and its legal system. Australian “strong consumer laws” was sighted as premise for trustworthiness of the supplier that guarantees a sense of security for some respondents as highlighted by BB4:
Here in Australia, there are strong consumer laws, especially on misrepresentation or false advertising [...]. So if somebody is [selling something] non-halal as halal, or advertising it as halal, they can be prosecuted. (BB4)

In addition, some participants indicated their security from a religious authority as opposed to a secular one. Four of them indicated to check with the Ulama (religious leader) about the product’s country-of-origin adopting the product. The following comment by BA1 was supported by BA2, BA3 and BA5:

Before buying any [new] halal certified product from non-Muslim countries I will check with the local Ulama to know his feelings.

However, this is not without a problem as noted by two participants (BB1 from Brisbane and D3 from Melbourne) on the variation in interpretation of some Sharia principles by Islamic religious leaders from different mazhab (Islamic School of Thought) practiced in different countries.

A liberal attitude toward Halal labelled products from non-Muslim countries where responsibility on authenticity of halal certification is passed on to certification authority as expressed in following quotations:

We go by the letter halal, in English and in Arabic especially and I don’t bother about any organisation. (BB1)

As long as it says halal...we can take them. Allah will judge you only by what you know [...]. (D1)

If somebody misuses that logo, basically the liability of the sin committed goes into the shoulder of the man who is doing it. So in that respect, we can partially close our eyes and go and eat [these Halal labelled product). (MB)

It is interesting to note that these responses indicate that a halal label can be sufficient, not even halal certification, yet the general theme of the discussions is for removing doubt and investigating further.

Consumption of non-Halal Alternatives: Finally, participants were asked if they would purchase a products originated from non-Muslim countries that are not certified Halal but the ingredient list shows no trace of any Haram ingredients. Participants expressed mixed responses – a liberal attitude from buying to selective buying based on country of origin. The liberal participants would buy such halal alternative when plant-based ingredients are conveniently indicated in the lengthy ingredients lists. A participant said. “if all ingredients are okay, I will go with it, [...] even it’s coming from Israel. I have no problem” (BA3). Some participants across the focus groups gave instances where they would purchase vegetarian alternatives and avoid meat-related products in a doubtful purchase situation. However, one respondent expressed a unique opinion that directly opposed a few others:

D1: Why do you need the halal logo when the ingredient just says flour, vegetable oil, potassium carbonate, sodium [...]. Sometimes I think maybe some brothers overdo it.

However, a small minority imposed country limit to make sure that ingredient lists in product label are genuine in a strict consumer right environment. One participant for instance perceived that ingredient list is more reliable in England and Australia, and he would rely on it. Hence, reliable ingredient list and improved transparency are additional factor in purchase decision-making.

Conclusion and Limitations

This exploratory study on Australian Muslim consumer sample reveals some interesting findings that have clear implication for marketers. First, Muslim consumers’ awareness to Halal consumption is high indicating their high level of involvement in consumption decision making (Razzaque and Chowdhury, 2013). Second, though recognition of Halal logo was found high, the logo itself is not enough to win heart of the consumers unless reliability of the
country of origin and trustworthiness of the certifying organisation and marketer is assured. High involvement in the information search and purchase decision making process closely monitor the country environment as well as certifying authority and company credibility through different channels. The study also revealed that consumer transgression among Muslim consumers against the violation of code of conduct relating to halal labelling is critically high. Therefore, all parties involved in this market segment should handle this very seriously to create and maintain competitive advantage in domestic and global Muslim market segment. Third, Australian Muslim consumers are open to adopt general alternatives of Halal labelled products as long as prohibited ingredients are not used and the ingredient list is clear and trustworthy. Finally, mainstream marketer cannot ignore this fast growing market segment worldwide (El-Bassiouny, 2014) and national competitive advantage can only be achieved through effectively targeting domestic Muslim market to exploit that credibility in the global market (Porter, 1990). Findings challenge the theoretical development on Islamic Branding (Alserhan, 2010a & 2010b) and open the research directions for further qualitative and quantitative verifications in different market context for theory development and testing in this fast growing Muslim market. There are apparent limitations of this exploratory study. Small and only male sample is the principal limitation. Therefore, future research should include female and widen its scope to include other major cities to find any variations across cities and gender. Quantitative research could also contribute to theory development and testing.

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Purchase Behaviour of Microcredit: the case of war-affected youth

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Abstract
The main aim of this study is to investigate war-affected youths’ purchase intentions of microcredit. The findings of this study may contribute to promoting their entrepreneurial activities in the post-war era. The Theory of Planned Behaviour underpins the conceptual framework of this study. The sample comprised 1250 youth selected from war-affected Northern Province of Sri Lanka. The results showed that Positive Affects and Subjective Norms increased Purchase Intentions, nevertheless Perceived Deterrents reduced them. Entrepreneurial Desire also enhanced Purchase Intentions, and additionally Desire influenced all the determinants of Purchase Intentions. Based on these findings, implications to theory and practice have been discussed.

Keywords: Microcredit, Purchase Intentions, the Theory of Planned Behaviour, War Affected Youth, Entrepreneurial Desire
Track: Consumer Behaviour

Introduction
In recent times, marketing scholars increased their attention to customers in the deprived conditions, such as those in the bottom of the pyramid market and war-affected contexts (Prahalad 2012). It is argued that marketing activities can contribute to the well-being of these people. In this respect, a large portion of the world’s population resides in war-affected regions where leading multinational companies also operate. Hence, marketing activities can contribute to rebuilding war-affected people (Jamali and Mirshak 2010). However, a little research has been carried out on the products and services necessary for the rehabilitation of war-affected communities. Thus, the main aim of this study is essentially to investigate war-affected youth’s purchase intentions of microcredit, a segment of people who are more vulnerable during times of war. The findings of this study can possibly be useful to enhance youth’s purchase intentions and usage of microcredit in the post-war era. Consequently, they can obtain capital required for their entrepreneurial activities.

Literature Review
The population in general bear the effects of war (e.g. displacement and deaths), nevertheless youth are more vulnerable in this respect. In particular, war has negative impacts on the opportunities for youth, with respect to their education and entry into the labour market. Invariably, unemployment is a major challenge experienced by youth during and after war (Achio and Specht 2003). One effective way to address their unemployment during the post-war periods is to encourage their entrepreneurial activities. However, these youth have little access to capital supplied by traditional banking institutions. This in turn restricts their entrepreneurial activities (Nagarajan 2005). Therefore, alternative capital sources need to be made available to them. It seems that microcredit provides credit access to economically and socially disadvantaged segments of society, thus reducing their financial exclusion (Ault and Spicer 2010). Microcredit can be defined as “a model of lending that gives small loans to the poor who lack access to formal financial institutions” (Khavul et al. 2013p 31). Thus, youth’s access to microcredit needs to be enhanced in the post-war periods, so that it can be an alternative capital source for their entrepreneurial activities (Nagarajan 2005). To enhance
purchase and usage of a product by a target group customers, their purchase behaviour and purchase intentions towards the product need investigation (Malhotra 2010). Hence, the main aim of this research is to understand youth’s purchase intentions of microcredit in the post-war contexts.

**Underpinning Theories**

The Theory of Reasoned Action (TRA) and the Theory of Planned Behaviour (TPB) are prominently applied to investigate purchase intentions (Smith et al. 2008). The Theory of Reasoned Action (TRA) suggests that individuals’ intentions predict their behaviours (Ajzen and Fishbein 1980). In the TRA, attitudes and subjective norms are the determinants of behavioural intentions. However, Ajzen (1991) suggests predictive power of TRA is reduced, when volitional control over behaviour is limited. Thus, he incorporated Perceived Behavioural Control (PBC) into TRA, as an additional determinant of behavioural intentions, and named the revised version the Theory of Planned Behaviour (TPB). Researchers modified TPB in line with the context, product and customer segments, to effectively determine purchase intentions of the product or service (Weisberg et al. 2011; Yang 2012). Similarly, we modified TPB to derive an integrated conceptual model for this study.

**The Proposed Conceptual Model**

The integrated conceptual model of this study is depicted in Figure 1. It shows the possible determinants of war-affected youth’s purchase intentions of microcredit and antecedent effects of Entrepreneurial Desire on the determinants. Justification for the hypotheses follows the model.

![Conceptual Model](image1)

**Figure 1 Conceptual model of this study**

**Development of Hypotheses**

**Attitudes towards Microcredit**

Attitudes can determine purchase intentions of products including credits (Amin 2013). To this end, Pinto et al. (2000) proposed three types of attitudes towards youth’s credit card usage; they are positive affect, perceived benefits and deterrents of credit cards. These attitudes towards credit are investigated in this study. Customers can impulsively use credits, which implies the influence of positive affect on credit usage (Wood 1998). Positive affect refers to feelings of being active, enthusiastic, excited and inspired (Russell and Barrett 1999). Also, customers have perceptions of benefits associated with microcredit, which in turn enhance its purchase intentions (Ashraf and Noor 2010; Jose et al. 2012). On the other hand, there are perceptions of deterrents about microcredit, which reduce its purchase intentions (Jose et al. 2012; Li et al. 2011). Hence, we hypothesise the following:

- **H1:** Positive affect towards microcredit positively influence purchase intentions of microcredit
- **H2:** Perceived benefits of microcredit positively influence purchase intentions of microcredit
- **H3:** Perceived deterrents of microcredit negatively influence purchase intentions of microcredit
**Subjective Norms towards Microcredit**

Another behavioural determinant in TPB is subjective norms, referring to “the perceived social pressure to perform or not to perform the behaviour” (Ajzen 1991p 188). They can enhance purchase intentions of financial products and services like home loan (Amin et al. 2011). Similarly, important others’ such as family members’ perceptions influence intentions of obtaining microcredit (Butler et al. 2012). Thus, we hypothesise:

**H₄:** The stronger the subjective norms for obtaining microcredit, the higher will be purchase intentions of microcredit

**Perceived Behavioural Control (PBC) towards Microcredit**

TPB postulates that Perceived Behavioural Control (PBC) defined as “perceived ease or difficulty of performing the behaviour of interest” (Ajzen 1991p 183) determines behavioural intentions. PBC increases purchase intentions of financial products like credit cards (Amin 2013). Similarly, potential microcredit clients need confidence in their abilities to bear interests costs and to repay loans (Butler et al. 2012). This confidence influences purchase intentions of microcredit. Hence, it is hypothesised that:

**H₅:** The stronger the perceived behavioural control towards obtaining microcredit, the higher will be the purchase intentions of microcredit

**Entrepreneurial Desire**

Entrepreneurial desire defined as “the degree to which a person feels an attraction towards becoming an entrepreneur” (Zampetakis 2008p 155), can provide motivation and mental state for obtaining microcredit towards using it for economic oriented activities (Peprah 2012). Consequently, clients’ income and standard of living will be furthered. Hence, it is suggested that microcredit institutions need to instil entrepreneurial interests amongst prospective clients (Panjaitan-Drioadisuryo and Cloud 1999). It is due to the fact that entrepreneurial desire can enhance purchase intentions of microcredit, and it can also influence clients’ attitudes and confidence as well as others’ perceptions towards obtaining microcredit (Datta 2004). Thus, we hypothesise that:

**H₆:** Entrepreneurial desire enhances purchase intentions of microcredit

**H₇:** Entrepreneurial desire significantly influences a) positive affect, b) perceived benefits, c) perceived deterrents, d) subjective norms and e) perceived behavioural control surrounding microcredit

**Method**

The sample for this study comprised 1250 youth aged above 18 years old selected from the Northern Province of Sri Lanka. This province experienced civil war for a period of thirty years, which concluded in 2009. To collect data for this research, a paper based survey instrument was designed from previous validated scales that were adapted for the purpose of this study. We measured Positive Affect of microcredit using 3 items adopted from Hayhoe et al. (1999). Perceived Benefits included 3 items, of which first two were adopted from Ashraf and Noor (2010) and the last was from Jose et al. (2012). Perceived Deterrents were measured with 4 items taken from Turvey and Kong (2009). Items of Subjective Norms were derived from Chudry et al. (2011) and items evaluating Perceived Behavioural Control were drawn from Smith et al (2008). The items for Entrepreneurial Desire were adapted from Krueger, Reilly and Carsrud (2000), whilst we used 3 items drawn from Schmidt (2010) to evaluate Purchase Intentions. We modified these statements to suit the context of microcredit, where appropriate. A 7-point Likert type scale anchored at 1 for strongly disagree and 7 for strongly agree was used for items operationalising all the constructs, except for Purchase Intentions for which, 1 meant “Very unlikely” and 7 “Very likely”. Table 1 (Appendix A) depicts items of
each construct. The survey instrument originally in English was translated to Tamil, the respondents’ first language. We pre-tested the survey using two focus groups, each comprising eight youth who resided in the Northern Province of Sri Lanka. The survey was conducted in Sri Lanka during March–April 2013. We distributed the paper based surveys to 1250 youth. A total of 860 completed surveys were received, out of which 65 had missing data, and hence were discarded. The respondents comprised 47.9% male and 52.1% female, 87% of the youth had monthly family income below 115 U$$, 9% had the income U$$ 115-230 and the rest had above U$$ 230. A majority of the respondents lived in rural areas (49%), followed by within city-limits (32%) and outside city-limits (sub-urban areas) (19%).

**Measurement Model**

Confirmatory Factor Analysis (CFA) was performed to ensure that items used to measure study constructs were theoretically consistent. The results of this analysis are presented in Table 1 in Appendix A. The fit indices of CFA tests shown at the bottom of Table 1 suggest a good model fit to the sample data. CFA results revealed that factor loadings of items in all the study constructs were above 0.5, the minimum threshold value, and Average Variance Extracted (AVE) values of all constructs were also above 0.5, both of which are indicative of convergent validity of measures (Hair and Anderson 2010). The square root of AVE values presented in the upper diagonal of Table 2 in Appendix B for each construct was greater than the constructs’ correlation coefficients with other constructs. This is indicative of discriminant validity amongst constructs (Fornell and Larcker 1981). Additionally, Cronbach’s Alpha coefficient of each construct was above 0.7, implying reliability of construct measures.

**Hypothesis Testing**

A structural model was run to test the hypotheses and the model had fit statistics as shown at the bottom of Table 3. These fit indices suggest adequate model fit to the sample data. $R^2$ was 0.69, indicating that 69% variance in war-affected youths’ purchase intentions of microcredit was explained by this model. The results of the test are summarised in Table 3.

<table>
<thead>
<tr>
<th>Proposed Hypothesis/ path relationships</th>
<th>Coefficient ($\beta$)</th>
<th>t-value</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Effects on Purchase Intentions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Positive Affects $\rightarrow$ Intention</td>
<td>.41</td>
<td>8.14***</td>
<td>H1-Accepted</td>
</tr>
<tr>
<td>Perceived Benefits $\rightarrow$ Intention</td>
<td>.06</td>
<td>.97ns</td>
<td>H2-Rejected</td>
</tr>
<tr>
<td>Perceived Deterrents $\rightarrow$ Intention</td>
<td>-.31</td>
<td>-6.48***</td>
<td>H3-Accepted</td>
</tr>
<tr>
<td>Subjective Norms $\rightarrow$ Intention</td>
<td>.14</td>
<td>1.97*</td>
<td>H4-Accepted</td>
</tr>
<tr>
<td>Perceived Behavioural Control $\rightarrow$ Intention</td>
<td>.07</td>
<td>.86ns</td>
<td>H5-Rejected</td>
</tr>
<tr>
<td>Entrepreneurial Desire $\rightarrow$ Intention</td>
<td>.48</td>
<td>8.26***</td>
<td>H6-Accepted</td>
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<td><strong>Effects of Entrepreneurial Desire on the Determinants</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Entrepreneurial Desire $\rightarrow$ Positive Affects</td>
<td>.65</td>
<td>7.92***</td>
<td>H7a-Accepted</td>
</tr>
<tr>
<td>Entrepreneurial Desire $\rightarrow$ Perceived Benefits</td>
<td>.34</td>
<td>4.01**</td>
<td>H7b-Accepted</td>
</tr>
<tr>
<td>Entrepreneurial Desire $\rightarrow$ Perceived Deterrents</td>
<td>.23</td>
<td>2.81*</td>
<td>H7c-Accepted</td>
</tr>
<tr>
<td>Entrepreneurial Desire $\rightarrow$ Subjective Norms</td>
<td>.40</td>
<td>4.92**</td>
<td>H7d-Accepted</td>
</tr>
<tr>
<td>Entrepreneurial Desire $\rightarrow$ Perceived Behavioural Control</td>
<td>.35</td>
<td>4.10**</td>
<td>H7e-Accepted</td>
</tr>
</tbody>
</table>
Proposed Hypothesis/path relationships | Coefficient (β) | t-value | Conclusion
--- | --- | --- | ---
Notes: *** p < 0.001; ** p < 0.01; * p < 0.05, ns= not significant. Fit indices $X^2$ (241) =453.08, (p = 0.13), CFI =.91, GFI = .96, TLI= .96, RMSEA = .048, SRMR = .045. CFI= comparative fit index; GFI=goodness-of-fit index, TLI= Tucker-Lewis index, RMSEA = root mean square error of approximation; SRMR=standardized root mean residual

Discussion and Conclusions
The results revealed that Positive Affects ($β=.41^{***}$) had significant influence on Purchase Intentions, hence $H_1$ was accepted. This suggests that affects, such as excitement and happiness associated with microcredit enhance purchase of microcredit. Perceived Benefits ($β=.06^{ns}$) of microcredit had no significant influence on Purchase Intentions, therefore $H_2$ was rejected. Perceived Deterrents of microcredit ($β= -.31^{**}$) had significant negative effects on Purchase Intentions, meaning that $H_3$ was accepted. This implies that youth’s concerns about exorbitant service charges, long delays, collateral requirements and excessive paper work associated with microcredit reduce its purchase intentions. Subjective Norms ($β=.14^*$) had significant positive effects on purchase intentions, hence $H_4$ was accepted. This suggests that the more friends support and encourage youth’s cause of obtaining credit, the more likely they apply for microcredit. Perceived Behavioural Control ($β=.07^{ns}$) had no significant influence on Purchase Intentions, thus $H_5$ was rejected. One possible explanation to this scenario may be that war-affected youth were less likely to be involved in entrepreneurial activities. Also, in the aftermath of war, they would be increasingly concerned about lack of marketing facilities, interferences of external parties and business safety. The results suggest Entrepreneurial Desire ($β=.48^{***}$) enhanced Purchase Intentions, thus $H_6$ was accepted. This implies that youth’s enthusiasm, interest and hard work towards becoming entrepreneurs increase Purchase Intentions. These desires and interests also enhanced Positive Affects ($β=.65^{***}$) such as excitement and happiness of microcredit as well as Perceived Benefits ($β=.34^{**}$). However, entrepreneurial desires enhanced negative concerns ($β=.23^{*}$) about microcredit, such as service charges and collateral. Also, desire increased Subjective Norms ($β=.40^{**}$), namely friends’ and family’s support for obtaining microcredit. Additionally, desire enhanced Perceived Behavioural Control ($β= .35^{**}$), i.e., youth’s confidence in obtaining microcredit.

Implications for Theory and Practice, Limitations and Directions for Future Research
This research proposed a conceptual model to investigate war-affected youth’s purchase intentions of microcredit, implying that this model could possibly be applied to similar customer segments globally. Thus, it can contribute to consumer behaviour literature in identified contexts. Also, this research provides many implications to practice. As the results suggest, microcredit institutions need to promote positive affect and emotional appeals associated with microcredit. They can effectively achieve this by organising seminars and awareness campaigns highlighting augmented aspects of microcredit (e.g. special interest rates and repayment periods available to youth). As the findings suggest, youth have perceptions of deterrents associated with credits, which reduce their intentions of seeking credit. Hence, service charges, collateral requirements and the cumbersome procedures relating to microcredit need to be considered judiciously. Also, Entrepreneurial Desire needs to be instilled among these youth. Hence, training programs and awareness campaigns need to be organised to inculcate entrepreneurial skills and interests amongst these youth.

This research was conducted in one war affected country, Sri Lanka. Hence, to better generalise the findings, this study needs replication amongst youth in other war-affected
countries. Also, the respondents were youth who could read and understand the survey. Nevertheless, war-affected communities could possibly comprise illiterate youth, who may not respond to surveys. Hence, future researchers may adopt a different method to obtain responses of such youth. Additionally, conceptual model proposed in this research can be expanded in future research by incorporating other constructs, such as past behaviour and self-identity that can enhance purchase intentions.

References


**Appendix A-Table 1- Results of Confirmatory Factor Analysis for Study Constructs**

<table>
<thead>
<tr>
<th>Construct</th>
<th>Statements</th>
<th>FL</th>
<th>α</th>
<th>CR</th>
<th>AV E</th>
</tr>
</thead>
<tbody>
<tr>
<td>PA</td>
<td>Microcredits that I take make me feel happy</td>
<td>.71</td>
<td>.75</td>
<td>.76</td>
<td>.54</td>
</tr>
<tr>
<td></td>
<td>I like using Microcredits</td>
<td>.80</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The very thought of using Microcredits excites me</td>
<td>.67</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PB</td>
<td>My household income will increase, if I take Microcredits</td>
<td>.85</td>
<td>.70</td>
<td>.70</td>
<td>.50</td>
</tr>
<tr>
<td></td>
<td>Welfare of my family will improve, if I take Microcredits</td>
<td>.77</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Providers of Microcredits are helping the community by providing work for recipients</td>
<td>.52</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PD</td>
<td>Collateral requirements or need for security affect my usage of</td>
<td>.54</td>
<td>.71</td>
<td>.72</td>
<td>.76</td>
</tr>
</tbody>
</table>
Table 2 - Descriptive statistics and correlation matrix for study constructs

<table>
<thead>
<tr>
<th>Construct</th>
<th>M</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Positive Affects</td>
<td>4.52</td>
<td>1.69</td>
<td>.73*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Perceived Benefits</td>
<td>4.61</td>
<td>1.53</td>
<td>.45***</td>
<td>.71*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Subjective Norms</td>
<td>5.00</td>
<td>1.32</td>
<td>.01ns</td>
<td>.08ns</td>
<td>.87*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Perceived Deterrents</td>
<td>4.73</td>
<td>1.43</td>
<td>.30***</td>
<td>.31***</td>
<td>-.01ns</td>
<td>.74*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Behavioural Control</td>
<td>4.62</td>
<td>1.38</td>
<td>.32**</td>
<td>.19**</td>
<td>-.03ns</td>
<td>.40**</td>
<td>.71*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Entrepreneurial Desire</td>
<td>4.93</td>
<td>1.90</td>
<td>.42**</td>
<td>.33**</td>
<td>.19**</td>
<td>.35**</td>
<td>.34**</td>
<td>.85*</td>
<td></td>
</tr>
<tr>
<td>7. Purchase Intentions</td>
<td>3.69</td>
<td>1.77</td>
<td>.45**</td>
<td>.08ns</td>
<td>-.35**</td>
<td>.21**</td>
<td>.08ns</td>
<td>.44**</td>
<td>.77*</td>
</tr>
</tbody>
</table>

Notes: ** Correlation is significant at p<0.01, * Correlation is significant at p<0.05, ns= not significant
* Diagonal value indicates the square root of AVE of individual latent construct
The Importance of Aesthetics on Perceived Value and Purchase Intention

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Abstract

The purpose is to ascertain whether aesthetic appreciation by personal users of fairly standardized technology products such as smartphones is associated directly with purchase intention or through different forms of value perceived by potential purchasers. A framework is proposed and tested drawing on a sample of smartphone users. Alternative paths between aesthetic appreciation of the object and purchase intention are examined, concluding that aesthetics has a strong indirect link with purchase intention, primarily through perceived social value.

Keywords: Aesthetics, Consumer behaviour, Perceived Value, Purchase Intention
Track: Consumer Behavior

1.0 Introduction

Few studies have researched the factors influencing aesthetic appreciation of a product and the role of aesthetics on purchase decisions (Hoyer & Stokburger-Sauer 2012), especially for products that have a high degree of utility. For a growing array of fairly standardized technology products such as smartphones and tablets it is unclear whether purchasers for personal use have an aesthetic appreciation of such products that strongly influences their purchase intention. Thus, the purpose is to ascertain whether aesthetic appreciation is associated directly with purchase intention or through different forms of value perceived by potential purchasers. After explaining how aesthetic appreciation is operationalized, aesthetics’ links to perceived value and purchase intention are examined. Hypotheses are drawn and a conceptual model proposed and tested. A strong indirect link through perceived social value is found and the implications discussed.

2.0 Literature Review and Research Questions

In this study aesthetic appreciation pertains to sense perception (Veryzer 1993) with the term aesthetics referring to the concepts of harmony, beauty and order in the material world (White 1996). Tapping into aesthetic appreciation can assist in differentiating products, creating preferences for products, and creating favourable aesthetic responses (e.g., Landwehr, Wentzel, & Herrmann 2013). Following Charters (2006), the aesthetic dimensions of a product may vary from very high (a sculpture or painting) to very low (own-label detergent). Visual aesthetics as a product attribute is reflected in many customer experiences; most noticeably in fashion and the arts and less obviously in consumer electronic products like personal computers, tablets, and smartphones (Yamamoto & Lambert 1994). While, the importance of aesthetics when choosing a product has gained researcher attention (Charters 2006), little research has been done on how it influences the purchase of products with both utilitarian and hedonistic attributes; that is, products valued for both their functional usefulness as well as their emotional and social value (Hoyer & Stokburger-Sauer 2012). To understand the importance and impact of aesthetics on this category of product, we chose
smartphones as an exemplar of a product that displays both utilitarian and hedonistic characteristics (Swilley 2012) but may also become a part of the fashion and personal expression of buyers (Katz & Sugiyama 2005). Measurement of the importance of aesthetics to consumers has been the subject of at least 7 studies covering different contexts that range from the aesthetics of website design to consumer products in general; those which seek to understand how product components and the whole contribute to aesthetic appreciation; studies that focus on generating aesthetic appreciation, especially the visual; and those taking a multisensory approach (e.g., Swilley 2012).

To assess the contributing sources to aesthetic appreciation, Swilley’s (2012) approach is adapted. It comprehensively covers the middle ground of the aesthetic continuum; products likely to be sought for both utilitarian and hedonic value. In Swilley’s (2012) framework, all the variables relate to the physical attributes of a product and draw on two senses, sight and touch, enabling a focus on attributes such as colour, design, overall appearance, texture/touch, and shape. These are validated by further research, such as for colour (Wehmeyer, 2008), beauty and shape (Cox & Cox, 2004). In contrast, other studies have focused on specific areas such as beauty (Bell, Holbrook, & Solomon, 1991) and shape (Cox & Cox, 2002). However, Swilley (2012) conceptualises aesthetics in a reflective manner, which is problematic for two reasons. First, indicators in reflective models should be interchangeable (Jarvis, MacKenzie, & Podsakoff, 2003), but shape, touch, colour and design as components of aesthetics are unique and not interchangeable. Second, there should be a covariation among the indicators in reflective models (Jarvis, MacKenzie, & Podsakoff, 2003); however, there is no theoretical argument that indicators of shape or colour should correlate to each. Therefore, a formative approach to aesthetic appreciation is used.

An individual’s assessment of an aesthetic object may have no influence on their decision to buy. A product can be aesthetically pleasing, although a customer may not like it (Dickie 1971), or even appraise it without any intent to buy (Charters 2006). Whether there is perceived value in an aesthetically pleasing object is examined. Perceived value is not only a strong predictor of behavioural intention, but an outcome of marketing activities (Cronin, Brady, & Hult, 2000). It is as an important antecedent, influencing consumer purchase intention with higher perceived value linked to stronger purchase intention (Monroe & Krishnan, 1985). Sweeney and Soutar (2001) defined customer perceived value as a customer-perceived preference for evaluation of product attributes, attribute performance and consequences in terms of the customer’s goals and purposes.

Researchers have used two different scales to evaluate perceived value: unidimensional and multidimensional (Sweeney & Soutar, 2001). The multi-dimensional approach is more appropriate in evaluating shopping habits of consumers(Sweeney & Soutar, 2001) but when it comes to the visual appeal of products, the socio-psychological aspects of consumption (hedonic and social) may be as important as utilitarian (functional) aspects (Kempf 1999). While there are studies on the role of perceived value in different contexts, such as services (Callarisa, Moliner, & Sánchez, 2011), and tourism (Galarza & Gil, 2006), research on products with both utilitarian and hedonistic attributes is rare. Three widely used dimensions of perceived value (functional, social and emotional value) and there items are used (Sweeney and Soutar, 2001).

Aesthetic appreciation can affect purchase intention directly or via various possible elements of perceived value (Cronin, Brady, & Hult, 2000) such as emotional or social value. Purchase intention relates to the likelihood that a consumer will buy a product. It is a
significant variable in predicting purchase behaviour (Morowitz & Schmittlein, 1992). For example, Fishbein and Ajzen (1975, p.369) declared that, "if anyone wants to know whether or not an individual will perform a given behavior, the simplest and probably most effective thing one can do is to ask the individual whether he/she intends to perform that behavior". ‘Intention’ is, thus, assumed to be the immediate antecedent of behaviour (Ajzen, 1991). Although, Van der Heijden (2003) found an indirect relationship between aesthetics and purchase intention, using factors determining technology acceptance as mediators, Tzou and Lu (2009) found a direct link between them.

Aesthetic appreciation and its potential alternative paths to purchase intention (PI) through perceived functional (FV), social (SV) and emotional (EV) value or directly, is shown in figure 1. Our two research questions are: Does aesthetic appreciation have a stronger direct link with purchase intention than through a mediated link through perceived value? How does perceived value influence purchase intention? Four hypotheses were developed to address the research questions:

H1: Aesthetics has a positive impact on purchase intention (PI).
H2: Functional value (FV) is a mediator between aesthetics and purchase intention (PI).
H3: Emotional value (EV) is a mediator between aesthetics and purchase intention (PI).
H4: Social value (SV) is a mediator between aesthetics and purchase intention (PI).

Figure 1. Conceptual framework

3.0 Data Collection and Analysis

Constructs needed to be modified to suit the study’s context. Two focus groups were formed to discuss the questionnaire, remove any vague or unclear points and to discuss the aesthetic construct to uncover its underlying dimensions (Bruhn, Georgi, & Hadwich’s 2008). Focus group approach is preferred to depth interview in this study because of its group interaction (Burns 1989; Albrecht et al 1993). It is justified as a convenient way to get the outlook of a wider number of people (Robson and Foster 1989). Insights from the focus group were important in the process of adding more items for perceived value. Following the focus group, an online pilot study involving 65 respondents, pre-tested the instrument to identify any problems with the questionnaire. As a result of the pre-test, 5 items that did not contribute to the study were deleted. The majority of changes pertained to rewording, sorting, and elimination of some questions to make the questionnaire more applicable to an Australian setting.

After finalizing the survey instrument, an internet-based survey was administered using purposive sampling. The study was restricted to one country to ensure broadly similar market and social conditions. Only adults who had bought smartphones and lived in Australia for more than 5 years were included in the sample. The self-administered questionnaire was distributed to 783 consumers with smartphone experience, and 420 were returned and usable, indicating a survey response rate of 53.6%. Males comprised 45.2% and females, 54.8% of the sample. Age distribution was well spread: more than 74% fell between the ages of 25 and 59, with no age group dominating. In order to test a theoretical model with data from a free
questionnaire where some items are not “tied” to a particular set of constructs we followed the steps recommended by Kock and Verville (2012) called an “anchor variable approach”. First, based on the researcher’s semantic knowledge about the variables and the literature review, latent variables were formed by aggregating the indicators that were expected to load on them. Warp-PLS 3.0 was used for the measurement purification process of reliability, validity, and confirmatory factor analysis. Warp-PLS uses variance-based methods to analyse data which is distributional free, useful for non-normal or unknown distributions (Chin 2010). Next, all correlations among variables equal to or greater than 0.5 were found to belong to the same latent variable, confirming the convergent validity of the framework (Kline 2011). Moreover, the pattern matrix was formed by the loadings and cross-loadings obtained by an oblique rotation of the structure matrix (Kline 2011). Thus, 10 items from aesthetics, one item from functional value and one from the intention construct had loadings less than the 0.5 recommended by Kline (2011) and had to be deleted (all items are available from the authors on request).

Table 1. Measurement Statistics

<table>
<thead>
<tr>
<th></th>
<th>CA</th>
<th>CR</th>
<th>AV E</th>
<th>Weight (P-Value)</th>
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<tr>
<td>Functional value</td>
<td>.91</td>
<td>.93</td>
<td>.69</td>
<td>n.a</td>
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<tr>
<td>Social value</td>
<td>.94</td>
<td>.95</td>
<td>.78</td>
<td>n.a</td>
<td>.83 (.27)</td>
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<td>Emotional value</td>
<td>.88</td>
<td>.91</td>
<td>.63</td>
<td>n.a</td>
<td>.27 (.88)</td>
</tr>
<tr>
<td>Purchase Intention</td>
<td>.90</td>
<td>.94</td>
<td>.84</td>
<td>n.a</td>
<td>-.15 (.73)</td>
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<td>n.a</td>
<td>n.a</td>
<td>n.a</td>
<td></td>
</tr>
<tr>
<td>Shape</td>
<td>.89</td>
<td>.92</td>
<td>.65</td>
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<td>.91</td>
<td>.93</td>
<td>.66</td>
<td>.225 (.001)</td>
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<td>.89</td>
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<td>.75</td>
<td>.358 (.001)</td>
<td>.36 (.20)</td>
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<tr>
<td>Design</td>
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<td>.92</td>
<td>.80</td>
<td>.409 (.001)</td>
<td>.54 (.22)</td>
</tr>
</tbody>
</table>

Notes: n.a: not applicable, a: Reflective construct, b: Formative construct, the bold numbers on the diagonal are the square root of the AVE, CR: Composite Reliability, CA: Cronbach alpha, AVE: Average Variance Extracted,

Table 1 reports the findings from the assessment of the measurement model in terms of inter-construct correlations, Cronbach’s alphas, composite reliabilities, and average variance extracted (AVE) for each construct. Composite reliability (CR) and Cronbach Alpha (CA) coefficients greater than .7 were used as a scale to measure the reliability of the questionnaire (Kline 2011). Thus, all indicators were semantically related to the relevant latent factors and belonged to each other (see Table 1). However, Jarvis, MacKenzie, and Podsakoff (2003) suggest appraising the external validity of formative measures. Variance inflation factors (VIFs) were also calculated for each of the predictor latent variable to examine the collinearity among latent variables. VIFs lower than 5 show no collinearity (Kline 2011). Discriminant validity as part of validity test was run to determine the correlation among latent variables (see Table 1). The square root of the average variance extracted (AVEs) for each latent variable was greater than any correlation between the latent variable and others in the model (Kline 2011) showing the indicators belonged to just one latent factor. The results also confirmed the appropriateness of the first-order measure and also confirmed that all the items were good indicators of their components (see Table 1).

4.0 Results

As shown in table 1, factors made as latent factors of aesthetics were called Colour, Shape, Design, and Touch (all items are available from authors on request). Design has the
highest weight in forming aesthetics (.409), followed by Shape (.388) and Touch (.358). However, respondents did not emphasise colour as an important factor of aesthetics (.225) compared to the other factors. Table 2 shows the outcomes of the hypotheses testing. Answering RQ1, a direct link between aesthetics and purchase intention is rejected (Hypothesis 1) as is a mediated path through perceived functional value to Purchase Intention. Indirect links via emotional and social value are accepted (H3 and H4), confirming that aesthetics does not have a direct relationship with purchase intention (see Table 2), and answering RQ.2. Figure 2 shows the main results of the Partial Least Square (PLS) analysis for the model. As shown in figure 2, the beta coefficients ($\beta$), which are standardized partial regression coefficients and are the strength of association between pairs of latent variables linked by the arrows, are all significant at the $p$-value $<.01$ and $<0.05$ level (Kline 2011). The Warp-PLS 3.0 approach applies a bootstrapping method (900 samples, sample size 420) to find out whether perceived values have mediating roles (see Table 1).

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Estimate</th>
<th>Measure</th>
<th>P-value</th>
<th>H0-Result</th>
<th>Effect Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Aes $\rightarrow$ PI</td>
<td>$\beta$ coefficient=.08</td>
<td>.06</td>
<td>Rejected</td>
<td></td>
</tr>
<tr>
<td>H2</td>
<td>Aes $\rightarrow$ FV $\rightarrow$ PI</td>
<td>Indirect effect: .012</td>
<td>.279</td>
<td>Rejected</td>
<td></td>
</tr>
<tr>
<td>H3</td>
<td>Aes $\rightarrow$ EV $\rightarrow$ PI</td>
<td>Indirect effect=.284</td>
<td>.027</td>
<td>Accepted</td>
<td>.09</td>
</tr>
<tr>
<td>H4</td>
<td>Aes $\rightarrow$ SV $\rightarrow$ PI</td>
<td>Indirect Effect=.283</td>
<td>.0011</td>
<td>Accepted</td>
<td>.09</td>
</tr>
</tbody>
</table>

Effect Size: .02: small, .15: medium, .35: large,

While aesthetics has the strongest influence on emotional value ($\beta=0.59$) and explains 35% variance of emotional value, emotional value does not have an impact purchase intention ($\beta=.05$), showing the fact that emotional attachment to a product could not be a good reason for respondents to intend to buy a smartphone.

![Figure 2: PLS-based structural equation modelling of the framework](image)

Social value has stronger relationship with Intention to Purchase ($\beta=0.68$) than emotional value ($\beta=0.10$), Social and Emotional values can describe 55% of the variance of Intention to Purchase (see Figure 2). In addition, since functional and aesthetic values do not have any direct relationship with purchase intention ($P$-value > .05), hypotheses H1 and H2 are rejected, showing there is a full mediation between aesthetics and purchase intention and the route from aesthetics to purchase intention is through emotional and social values (Indirect total effect=.255). The effect size for all the indirect effects are higher than .02, showing that perceived values play an important role on purchase intention (Cohen 1988). However, an intriguing result is the impact of functional value on social and emotional values which are rejected (Table 1), implying that the functional attributes of smartphones do not affect social approval and emotional attachment of respondents to smartphones.
5.0 Discussion

This study argued that a formative conceptualization of aesthetics was an appropriate approach and found that aesthetics was made up of four different latent factors, namely shape, colour, design, and touch. Design, which can serve as a source of competitive advantage (Landwehr, Wentzel, & Herrman 2013), gained the highest weight as an attribute of aesthetics, confirming the fact that it can have a great impact on customers’ perception of beauty. Based on the evidence, perceived social and emotional values were positively related to purchase intention of buying a smart phone. Importantly, aesthetics did not have a direct relationship with purchase intention supporting the importance of perceived value in the evaluation process. However, the findings support the idea that consumers seek for more in smart phones than function (Swilley 2012) with social and emotional values being the two alternatives. The links between aesthetic appreciation and social and emotional values are significant but not particularly strong. Further research of a qualitative nature would be valuable in uncovering how the three interact. Further research will also need to examine whether aesthetic appreciation and its links to the different elements of perceived value may vary according to the economic and lifestyle circumstances of the respondents.

The framework used in this research validates the positive impact of aesthetics on perceived values and perceived values on purchase intention. The study sheds light on the values consumers’ perceive before purchasing their smart phones. Aesthetics can influence purchasers’ perceptions and feelings regarding different smart phones. Furthermore, it can even influence purchasers’ perception of their social status among peers, friends, and families. However, the beauty of a product can influence emotional and functional values more than social ones and thus supports the view that “what is beautiful is usable” (Tractinsky, Katz, & Ikar 2000).

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Diversity in financial knowledge and financial behavior of the elderly

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Abstract
This study is part of a larger study investigating the specific features of elderly consumers’ behavior. It focusses on financial services. Particularly older people are financially illiterate; this may affect their financial decisions negatively. However, the 50 plus consumer market is not homogeneous with respect to their financial knowledge and behavior. Data from a Dutch study show three clusters: 1) The financially literate seniors having much knowledge about financial issues and appropriate financial behavior (42%); 2) The financially illiterate but wise older seniors (33%) having a good and simple financial management but hardly any interest in financial matters; 3) The financially illiterate and unwise younger seniors (25%) lacking both appropriate financial management and knowledge. These three clusters differ from the seven clusters that were found in a representative study for the whole Dutch 18+ population. Theoretical and managerial implications of these specific findings for the older consumer market are discussed.

Key words: elderly consumers, financial services, cluster analysis
Track: Consumer Behavior

1.0 Background

The elderly have become a large part of the total population in many Western countries. On average they have more purchasing power than ever before. Consequently, companies consider the elderly as a very attractive market for many products and services, especially financial services. But is it really true that all elderly are wealthy? For, another image of the elderly is that they do not have that much to spend because they are frail and poor. This dichotomy looks self evident, but may be too simple. Therefore, we will investigate what groups of elderly exist with respect to their financial knowledge and financial behavior.

This paper adds to our understanding of the – relatively unknown field of - elderly’s financial knowledge and behavior. The findings will indicate to what extent the elderly’s financial (il)literateness and financial behavior differs among various segments. Our paper adds to the literature in various ways: it shows how financially (il)literature older consumers are, and how this might impact their financial decisions. The elderly market is not homogeneous in this respect: various market segments can be distinguished. From a managerial perspective there is a clear need to better address the elderly since “financial service marketers have been slow in implementing strategies which might help them better attract and serve the mature market” (Kennett, Moschis and Bellenger, 1995) whereas at the same time the financial crisis resulted in a number of specific problems to the elderly (Brennan and Ritch, 2010). Our paper will provide financial service marketers more and better information on how to target each elderly market segment efficiently.

2.0 Literature review
Quite some studies hinge upon consumers buying and using financial services in general and their financial literacy. Lusardi (2012, p.26) defines financial literacy as “the knowledge of basic financial investment concepts such as inflation and risk diversification and the capacity to do calculations related to interest rates.” Hardly any studies specifically hinge upon (segments of) elderly consumers and financial services. One exception relates to studies on the elderly’s (non) use of internet banking (e.g. Wang, Wang, Lin and Tang, 2003). Here we will focus on studies with respect to the elderly consumers’ behavior based on their knowledge of financial services. A brief overview of some relevant studies shows the fragmentary and rather old knowledge on the elderly’s financial literacy.

Many studies on the rich elderly relate to the baby boomers and often refer to the fact that individuals aged 55 and over control more than 75 percent of the US’ assets and more than 50 percent of the discretionary income (Linden, 1986). Leventhal (1990) showed that the 55-64 age group has the highest per capita income of any age group, and the 65 and over age group has the second highest. Similar conclusions can be drawn for other Western countries; present percentages probably will be even higher because of the general trend of increasing economic welfare the past decades. In a US study, seven segments of affluent US consumers were detected in the financial service market (Stanley, Moschis and Danko, 1987). Affluent elderly were present in all seven segments but were overrepresented in three of them: among the ‘below normal’ affluent consumers, among the ‘entrepreneurs’ and among the ‘retirement planners’. These figures support the idea of a wealthy group of elderly consumers with high purchasing power and specific preferences, e.g. about service delivery processes. Elderly prefer personal service over internet services. For instance, the oldest German bank customers are sceptical about all online services and do not like to take risks (Machauer and Morgner, 2001).

In many countries financial literacy decreases with age; especially older women (when they are the single decision maker) and the very old are financially illiterate (Lusardi, 2012). Consequently, they “seem to be rather ill-equipped to make savvy financial decisions” (p.29). This leads to financial mistakes concerning e.g. savings, debts, credit card interest rates, fees, investments, and risks. Often these illiterate elderly receive untrustworthy advice. Elderly men are less likely to be economically disadvantaged than elderly women, and widows are mostly unprepared for their financial situation after the loss of their spouse in comparison to widowers (Clark, Burkhauser, Moon, Quinn and Smeeding, 2004). Taken together, it can be expected that the typical older victims of financial abuse in the US “are in their 80s, female, living alone, frail, and cognitively impaired” (Timmermann, 2009, p. 23). Older men are vulnerable too, but to a lesser extent than older women.

For financial service companies it is important to notice that “older (aged 55 plus) Americans attach different levels of importance to the institutions they rely on for advice regarding financial management” (Moschis and Burkalther (2007, p. 240). Mutual trust is crucial in this business. In Scotland, 50 plus consumers “lost trust in financial product and service providers because of the excessive profits of banks and lack of customer service. Further, many products and services were prohibited for or incurred extra costs to those aged over 60 or 65 years, leaving limited choices, and equity release products were seen as a last resort for those in financial difficulty” (Brennan and Ritch, 2010, p.212).

In the Netherlands, Antonides, De Groot, and Van Raaij (2008) investigated financial insight and financial behavior of the Dutch population. This study also contains some data on (both the more wealthy and the less wealthy) elderly. Their basic idea was that well informed
and well educated consumers who are interested in and have self confidence in taking financial decisions (= financially literate consumers) will play a more active role in financial markets and will come to well thought financial decisions. They found seven segments in this representative, nationwide study with 4,280 respondents of 18 years and older: financially unconcerned, financially ambitious, financially sound, financially uncertain, financially seeking, financially indifferent, and financially illiterate. The percentage of elderly consumers in each segment differed remarkably. Amongst the financially unconcerned and the financially sound almost half of the respondents belong to the 55plus consumers. Their presence in the other five segments was much less and ranged from 14 to 30%.

This Dutch shows the elderly are part of all seven market segments that could be distinguished. Therefore, it can be concluded that the elderly differ tremendously with regard to their financial insight and behavior. Since elderly are overrepresented in some clusters it is interesting to investigate whether the 7 cluster solution also holds when only the older respondents are taken into account. Probably, the results of such an analysis will provide more specific information to understand older consumers’ financial behavior better while financial service providers may use that information to target the elderly market potential more efficiently.

3.0 Methodology

In our study, secondary data from the Dutch Antonides et al. 2008 study were used. Their study contains the opinions of 1,787 respondents of 50 years and over on their financial insight, financial behavior and many descriptive variables. The data collection took place in 2007, just before the financial crisis. Data were collected via Computer Assisted Self Interviewing and Computer Assisted Personal Interviewing. The questionnaire was based on the literature studied; it was pilot tested. A stratified sample has been used; the stratification criteria of age, gender, education, region, ethnicity, and internet use were used in weighing to achieve national representativeness.

It is debatable what should be the appropriate age in defining the elderly. Researchers used ages between 50 and 65. We decided to use 50 years and older in defining the elderly because often this is the age when the empty nest occurs. Consequently parents have more to spend. Also, this is the age when cognitive and physical capabilities start to decrease, and that may affect decision making (Aleman, 2012; Yoon and Cole, 2009).

Antonides et al. (2008) define financial insight as: “people with financial insight are able to arrange their financial affairs. They have the knowledge in the area of borrowing, saving and planning, they know how they should deal with money in their daily life and can manage their affairs in a responsible manner. A person with financial insight will exhibit behavior that coincides with acting on the basis of knowledge and experience. A person with financial insight also knows what risks he takes in certain financial decisions. This is in line with the objectively measurable risk.” Consequently, financial insight consists of both motivation as well as knowledge and skills. It is operationalized via several items about financial decision making strategies, dealing with money, certainty about one’s own financial knowledge, involvement with financial matters, regret of financial decisions made (or not made), time orientation, mental accounting, financial management, and financial knowledge. Moreover, financial insight has been operationalized via a financial quiz revealing the respondent’s actual financial knowledge. Financial behavior is defined in terms of three concepts: the degree of getting by, saving, and having an overview of one’s financial situation.
They have been operationalized as follows. Getting by: whether consumers can finance their lifestyle with their income (dealing with money in an organized way, paying bills on time, refraining from impulsive buying, preferring to save over borrowing). Saving: wise financial behavior, based on financial knowledge and an ability to see beyond tomorrow. Having overview: knowledge of one’s own financial balance, its expenses and incomes. Cronbach alpha’s for the various scales ranged between .53 (saving) and .85 (knowledge of financial products). Most scales consist of 3 or 4 items. Since the ‘having overview scale’ consists of only two items and alpha is .36; we still consider it as feasible to use the present scale here.

4.0 Findings

Hierarchical cluster analyses has been applied with respect to the respondents’ self-reported opinions on the financial knowledge as well as financial behavior items. We have clustered the respondents with respect to their answers on both subjects simultaneously because we expect particular configurations of financial knowledge and financial behavior to exist: low knowledge and inappropriate financial behavior versus high knowledge and appropriate financial behavior. The cluster analysis revealed three clusters exist within the group of the 50 plus respondents. Table 1 provides the results for each of the three clusters.

Cluster 1 consists of 42% of the 50 plus consumers. With respect to their financial insight, their actual financial knowledge (the score in the quiz) as well as the perceived financial knowledge is quite high (in general and with respect to financial products and financial markets). These financially literates are quite certain about their own financial knowledge. Their involvement in financial matters is quite high and they are willing to put efforts in acquiring financial information: they are active in seeking financial information and are somewhat risk taking. They have a long term orientation and have learned to deal with money when growing up. They hardly have any regret on financial decisions made. In general they perceive their financial management as rather good. This is also reflected in their opinions on their financial behavior: they evaluate their getting by and having an overview of

Table 1 The three 50 plus segments (scores are on a +3 till -3 seven point scale)

<table>
<thead>
<tr>
<th>FINANCIAL INSIGHT</th>
<th>Cluster 1</th>
<th>Cluster 2</th>
<th>Cluster 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active - passive seeking for financial information</td>
<td>-0,10</td>
<td>+0,15</td>
<td>-0,09</td>
</tr>
<tr>
<td>Adventurous – seeking security</td>
<td>-0,22</td>
<td>+0,39</td>
<td>-0,13</td>
</tr>
<tr>
<td>Learned to deal with money</td>
<td>+0,14</td>
<td>+0,33</td>
<td>-0,68</td>
</tr>
<tr>
<td>Certainty about own financial knowledge</td>
<td>+0,30</td>
<td>+0,20</td>
<td>-0,71</td>
</tr>
<tr>
<td>Involvement to financial products or effort to acquire financial information</td>
<td>+0,23</td>
<td>-0,37</td>
<td>+0,10</td>
</tr>
<tr>
<td>Avoiding regret about past financial choices made</td>
<td>-0,07</td>
<td>-0,22</td>
<td>-0,38</td>
</tr>
<tr>
<td>Regret financial choices not made</td>
<td>-0,01</td>
<td>+0,13</td>
<td>+0,24</td>
</tr>
<tr>
<td>Short term orientation</td>
<td>-0,35</td>
<td>+0,13</td>
<td>+0,32</td>
</tr>
<tr>
<td>Long term orientation</td>
<td>+0,07</td>
<td>+0,14</td>
<td>-0,30</td>
</tr>
<tr>
<td>Mental accounting</td>
<td>-0,22</td>
<td>+0,16</td>
<td>+0,16</td>
</tr>
<tr>
<td>Evaluation of own financial management</td>
<td>+0,22</td>
<td>+0,49</td>
<td>-0,98</td>
</tr>
<tr>
<td>Evaluation of own knowledge on financial products</td>
<td>+0,33</td>
<td>+0,04</td>
<td>-0,56</td>
</tr>
<tr>
<td>Evaluation of own knowledge about shares, financial markets and the economy</td>
<td>+0,27</td>
<td>-0,36</td>
<td>-0,05</td>
</tr>
<tr>
<td>Actual financial knowledge: number of correct answers on 6 questions on financial issues</td>
<td>4,9</td>
<td>2,5</td>
<td>3,3</td>
</tr>
</tbody>
</table>

FINANCIAL BEHAVIOR

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Getting by  +0.45  +0.11  -0.84  
Saving  +0.08  +0.19  -0.39  
Having overview  +0.55  -0.49  -0.23  

DESCRIPTIVES

% male/female  61/39  42/58  54/46
Average age in years  65  68  62
% married/widow(er)/divorced or not married  77/11/12  56/25/19  73/9/19
% low/middle/high education  29/32/39  64/24/12  49/29/22
% using the internet  78  45  77
% own house/rental house  74/25  42/57  49/50
% net monthly income < euro 1.500  34/29/37  62/28/10  49/34/19
/1.500-2.100/2.100+
% savings none/ < euro 20.000-20.000/20.000+  7/36/57  24/53/23  34/48/19
% debts none/< euro 5.000/5.000+  89/7/4  92/5/3  60/24/16
% having a bank account  98  96  93
% having a savings account  82  62  65
% having an internet savings account  55  14  38
% having a credit card  55  24  38
% having a mortgage  53  28  44
% participating in an investment fund  37  8  13
% having bonds  16  4  4
% having stocks or lease products  15  4  5
% having individual stocks  14  2  3
% having a savings deposit  14  5  3
% having a standing credit line  10  5  22
% respondents per segment  42%  33%  25%

their financial situation as good, while they evaluate their savings behavior as ‘average’, probably because they do not have to be concerned about it given their high incomes. For this group of elderly is characterized by middle to high incomes, high savings, middle to high education, hardly any debts (except a mortgage for their own house), and having many financial products. The group is dominated by males, married couples with an average age of 65 years who are very active on the internet.

Cluster 2 encompasses one third of the 50 plus consumers. Their actual financial insight is the lowest of all three clusters and their perceived financial insight is also quite low. They are not much involved in financial issues. Their time orientation relates both to the present and the future. They have learned to deal with money very well and sometimes have some regret on some financial decisions made. As security seeking customers not being involved in financial issues they are quite passive in seeking financial information. In general, they perceive their own financial management as appropriate. This is reflected in their opinions on their savings behavior (good), getting by (average) and having overview (very bad). Probably they do not need to have that overview. These financially illiterates know they are and act accordingly. This group of elderly is dominated by older (average age of 68 years) people with low incomes, low education, some savings, but not so much other financial products and hardly any debts. This group is dominated by females and widow(er)s living in a rented home; nearly half of them are active on the internet.

Cluster 3 consists of a quarter of the 50 plus consumers. Their actual financial knowledge is quite low. They perceive their financial knowledge to be low to almost average
and indicate to be not that certain about (the quality of) their own financial knowledge. They are somewhat active in seeking financial information and are somewhat adventurous in taking financial decisions. Quite often, they have regret of financial decisions made. They show some interest and involvement in financial issues and have a short term (present) time orientation. They have not learned to deal with money when they grew up. In terms of their financial behavior these seniors’ answers to the questions on financial issues in the quiz reveal rather bad scores. These elderly are quite illiterate but do not seem to act accordingly. This problematic financial behavior is performed by a group of relatively young elderly (average age of 62 years) in which males slightly dominate over the number of females. They have low to middle incomes and low or no savings. They have quite some financial products and debts (e.g. a standing credit line). Their internet usage is high.

5.0 Conclusion, implications and future research

Compared to the seven clusters for the whole Dutch population, only three clusters can be found with respect to the financial knowledge and financial behavior of the 50 plus consumers. Not all of them can be characterized as healthy and wealthy nor as frail and poor. And also not as having high financial knowledge and appropriate financial behavior or low financial knowledge and inappropriate financial behavior. From a theoretical perspective it is important to realize that the 50 plus consumer market is a heterogeneous market and not an homogeneous one (as often assumed). Various clusters (3) were found in The Netherlands:

1) The **financially literate seniors** consisting of 42% of the 50 plus consumers. These financially literates are highly involved and knowledgeable and act accordingly. They are interested to buy new financial services, can manage their finances and risks quite well, and understand the financial terms in communication. The central route of the Elaboration Likelihood Model can be used to target them with facts.

2) The **financially illiterate but wise older seniors** being one third of the 50 plus market. These financially illiterates know they are and act accordingly: they do not have that much financial resources, but can manage them quite well. They may be vulnerable from an age perspective, but not from a financial perspective. They are not that much interested in (new) financial products and services. Simple financial information is important in communication. The peripheral route of the ELM will be effective in this and the next low involved segment.

3) The **financially illiterate and unwise younger seniors** (25% of the market). These relatively young financially illiterate seniors do not act accordingly and do not seem to be that aware of their financial mistakes. They are vulnerable from a financial perspective: their lack of financial management skills results in more spending than their income allows. Therefore they have problems in getting by. Probably this is the group that needs protection and better financial education to minimize their risk taking behavior (see Ouamil and Williams, 2011) in terms they really understand. Given their high usage of the internet, this communication channel can be used to that end as well as to help avoid their financial problems increase when they get older and retire. Contrary to the literature, the financially most vulnerable older consumers are not the very old living alone females but these “youngsters”.

Although all elderly have in common that they like to get more and better service, want to avoid risks, and long for trust financial service providers can develop a more efficient differentiated relationship marketing approach by focusing on three clusters and not on seven.
We suggest to repeat the study since the data were collected before the financial crisis, and do the study in various countries because financial literacy differs per country (Lusardi, 2012).

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Innovators and New Product Adoption: Understanding, Capture and Prediction

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Abstract
New product adoption represents an endeavour towards personal growth, for innovative consumers. The tendency for these innovators to adopt a product earlier than others is dependent on multiple dimensions including their natural predisposition, accumulated experience and expertise, and communication absorption, with one of the three dimensions being more dominant than others. Their motive to adopt a new product is also dependent on multiple dimensions which comprise their intention to achieve task mastery and management, desire to seek arousal or happiness, aim to be intellectually stimulated, and ambition to improve their social-status, with one of the four dimensions being more dominant than others. The relationship between innovators and new product adoption can be delineated through the convergence of their tendency to adopt early, and their motive to adopt a new product. Insights from this paper will provide practitioners with the knowledge to understand and capture innovators, and to predict their new product adoption behaviour.

Key words: product life cycle, innovators, consumer innovativeness, early adoption, motivated consumer innovativeness, new product adoption
Track: Consumer Behaviour

Introduction
The complexity of macro-environmental forces means that achieving a competitive advantage is no longer only a function of a firm’s resources and competencies (e.g., Porter, 2008). Instead, it is more likely that a firm may generate a pattern of advantages by tapping multiple opportunities in the short-run that together represent a sustained competitive advantage in the long-run (McGrath, 2013). This approach has become common practice within the high tech industry which is characterised by numerous product launches that give consumers more choices, though lead to shorter product life cycles as a corollary (Tellis, Yin and Bell, 2009). It appears that despite the world-wide demand for high tech products, the producers do not have control over the market – rather, consumers are dominant through exercising their power of choice (Cooper, 1999). For example, the mobile phone industry has approximately 6.6 billion connected mobile phones and is valued at about $1.5 trillion in revenues - representing a high growth industry, marked by numerous product launches (The Australian, 2012). This industry is also highly volatile due to the clandestine nature of new product development and uncertainty regarding competitor product launch cycles and consumer adoption. New brands such as the Chinese Meizu MX3 can become overnight successes while other innovative products from established names go unnoticed such as the Nokia Lumia 1520. At best estimate, only 10-20% of new (tech) products become a success with the rest ending up with ephemeral product life cycles (GCI Magazine, 2012). Gordon Ballantyne, chief customer officer for Telstra, Australia, stated that “…while technology can do all sorts of things, if they are not the things that customers value there is no point in having a clever technology” (The Australian, 2012). This implies the need for a paradigm shift in terms of corporate focus, away from technology creation and to consumer technology adoption. While constant advancement of technology is imperative, a sustained competitive advantage will only be achieved if the complexities associated with new product adoption are addressed. That is,
ensuring successful adoption among innovators who comprise only 2.5% of the market but impact the trajectory of the product throughout its life cycle (Rogers, 1962), hence the greater the number of adopters in this 2.5%, the longer the product life cycle and ultimately successful, the diffusion. For example, in 2001 the iPod was launched – it was neither the first mp3 player nor the most technologically advanced, yet this first 2.5% of the market led to 125,000 trend setters adopting the product over a period of one year. Thus, given the importance of innovators in new product success, the key research objectives are a) To understand, why innovators adopt new products early, b) To capture, who those innovators are, and c) To predict who among this group will be the innovators for future products.

Review of Literature

Rogers’ (1962) new product diffusion model was based on the idea of ‘Innovativeness’ where Innovators (2.5%), Early Adopters (13.5%), Early Majority (34%), Late Majority (34%) and Laggards (16%) were normally distributed on a relative time to adoption dimension. Although reliable (e.g., Robertson, 1967) the model possesses some shortcomings in terms of application to modern contexts as it does not provide a lucid understanding as to why innovators adopt a product early (Midgley and Dowling, 1978); it captures innovators only on socio-demographic profiling; and finally, offers no prediction of who is likely to be an innovator for product adoption in the future (Foxall and Haskins, 1987). Though there is considerable literature on innovation, innovativeness and related streams, much of it is in disarray with inconsistent findings limiting the progress of research in this area. To make sense of and build on extant contributions, this paper organises the literature on innovativeness into two distinct streams: personality (personality and early adoption) and motivation (motivation and new product adoption).

Personality Stream: ‘Consumer Innovativeness’ studies can be grouped into three major dimensions and mapped on an internal to external influence continuum in the following order:

**Innate Consumer Innovativeness:** Midgley and Dowling (1978) understood innovativeness as a trait or a ‘natural predisposition’ that is generalizable across multiple product categories and is associated with independent decision making. Hirschman (1980) captured it as inherent novelty seeking arguing a grander understanding. Foxall and Haskins (1987) presented it as a cognitive style, reflective of superior thought processing. The research on trait innovativeness however remains inconsistent (Bartels and Reinders, 2011). To handle these multiple conceptualizations in the most consistent manner as demonstrated by Im, Mason and Houston (2007), we label this as ‘innate consumer innovativeness’, defined as “an individual’s inherent personality, predisposition and cognitive style toward innovations that can be applied to consumption domains across product classes” (Im, Bayus and Mason, 2003).

**Domain Specific Innovativeness:** Goldsmith and Hofacker (1991) defined innovativeness based on ‘accumulated experience and expertise’ generalizable for a particular product category drawing inspiration from Gatignon and Robertson (1985). They conceptualized it as ‘domain specific innovativeness’, which is the ‘tendency to learn about and adopt innovations (new products) within a specific domain of interest’. This conceptualization is reliable and has also produced consistent results (e.g., Goldsmith and Flynn, 1992)

**Vicarious Innovativeness:** Bass (1969) explained innovativeness as a forecast estimate for a specific product and not as a psychometric measure but argued that mass media consumption is an indicator of innovativeness. Midgley and Dowling (1978) argued product specific innovativeness to be inclusive of ‘communication experience’. Following Hirschman (1980) it
can be conceptualized as ‘vicarious innovativeness’ defined as ‘acquisition of information regarding a new product’. This will be operationalized solely using mass media variables in consonance with Bass (1969) and using a scale from Bearden, Netemeyer and Teel (1989) that is modified based on mass media specification by Coleman (1993). It is distinct from Im, Mason and Houston, (2007) who include interpersonal influences in a similar conceptualization.

Motivation Stream: ‘Motivated Consumer Innovativeness’ studies can be grouped into four major dimensions; where the first three are intrinsic and the last is extrinsic (Vallerand, 1997).

Functional Innovativeness: Functionally motivated innovativeness is associated with utilitarian goals (see Voss, Spangenberg and Grohman, 1993), with the aim to achieve ‘task mastery and management’ (Ford and Nichols, 1987). This is conceptualized as a negative reinforcer aimed at problem removal or avoidance by Vandecasteele and Guens (2010).

Hedonic Innovativeness: Hedonically motivated innovativeness is associated with affective goals (see Roehrich, 1994), where the aim is to achieve ‘arousal or happiness’ (Ford and Nichols, 1987). This is conceptualized as a positive reinforcer aimed at sensory gratification by Vandecasteele and Guens (2010).

Cognitive Innovativeness: Cognitively motivated innovativeness is associated with cognitive goals (see Venkataraman and Price, 1990), where the aim is exploration, understanding, creativity and an overall ‘intellectual stimulation’ (Ford and Nichols, 1987). This is conceptualized as a positive reinforcer aimed at intellectual stimulation by Vandecasteele and Guens (2010).

Social Innovativeness: Socially motivated innovativeness is associated with social relationship goals (see Roehrich, 1994), where the aim is to achieve individuality, superiority to attain an ‘improvement in social status’ (Ford and Nichols, 1987). This is conceptualized as a positive reinforcer and is aimed at social approval by Vandecasteele and Guens (2010).

Innovation Adoption: Midgley and Dowling (1978) argued toward multiple measures for the consumer innovativeness dimensions to ensure reliability, where innate consumer innovativeness is to be measured cross-sectionally across product categories while domain specific innovativeness is to be similarly measured, but only for a particular product category. These measures; with the exception of that suggested for vicarious innovativeness, fail to account for the relative time of adoption for a specific product, which is the foundation of Rogers’ (1962) model, lending disconnect to the overt behaviour. The motivation stream is however not idiosyncratic in terms of a criterion variables. To better account for three consumer innovativeness dimensions and the four motivated consumer innovativeness dimensions, a holistic dependent variable is required.

Actualized Innovativeness: Rogers and Shoemaker (1971) defined innovativeness as ‘the degree to which an individual or unit of adoption is relatively earlier in adopting new ideas than other members of a social system’. This construct is conceptualized as ‘New Product Adoption’ with a relative time of adoption dimension as used in Im, Mason, Houston (2007), while based on a cross-sectional method proposed by Midgley and Dowling (1978).

Conceptual Framework
Using the Contingency Model of Innovativeness (Midgley and Dowling, 1978) as the theoretical grounding, this paper aims to propose a robust and parsimonious model to meet the research objectives specified initially.

**Proposition 1: Consumer innovativeness should be understood using a multidimensional approach to better understand why innovators adopt new products early**

Current research contends for exclusivity among the consumer innovativeness dimensions where one is argued as superior to the others (see Midgley and Dowling, 1978, Goldsmith and Hofacker, 1991 and Bass, 1969). The first proposition argues that each dimension partially accounts for the early adoption of an innovator; therefore all three should be collectively employed. Innate consumer innovativeness (ICI) has been studied as trait of personality, in form of novelty seeking (Hirschman, 1980), creativity (Hirschman, 1980; Foxall and Haskins, 1987), and is considered independent of communication influences (Midgley and Dowling, 1978). A natural predisposition (consistent across categories) is argued to drive early adoption under ICI (see Hurt, Joseph and Cook, 1977). Domain specific innovativeness (DSI) has been studied as a predisposition for a particular domain (product category), in form of openness to new experiences, opinion leadership and idea sharing (Goldsmith and Hofacker, 1991), and to a certain degree it is considered to be communication influenced (Goldsmith and Flynn, 1992). Accumulated experience and expertise regarding a particular product category is argued to drive early adoption under DSI (see Hirunyawipada and Paswan, 2006; Taylor, 1977). VI has been understood as an inclination towards a particular new product that is studied as venturesomeness (see Rogers, 1962) and is considered heavily dependent on mass media communication (Bass, 1969). Communications pertaining to a new product is argued to drive early adoption under VI (see Summers, 1972).

It can therefore be argued that all three dimensions which are distinct in their nature represent alternative routes towards early adoption - hence, to holistically account for early adoption all three should be considered together. All three dimensions nevertheless share a common theme since they manifest in a similar way as a striving for personal enlargement through unfettered use of intelligence (creativity), openness to new experiences and being venturesome (Digman, 1997). Rogers (1961) sums up these three (personality) dimensions as an organism’s basic tendency to actualize, maintain and enhance itself, reflecting an overall tendency for personal growth. Since all three distinct dimensions lead to early product adoption, early adoption can be argued as means to personal growth.

**Proposition 2: Multidimensional consumer innovativeness should be employed along with characteristics-based profiling to better capture innovators**

Existing research about capturing innovators has primarily focused on post-hoc socio-demographic profiling to identify innovators (e.g., Rogers, 1962; Goldsmith and Flynn 1992) these profiles tend to be unstable across new product adoption studies (Foxall and Haskins, 1987; Bartels and Reinders, 2011). This is partly due to the sole fixation of post-hoc socio-demographic profiling on the manifest characteristics of innovators, and its complete disregard at addressing the nuances related to the latent dimensions that make a consumer, an innovator. Furthermore, if each dimension is to be considered individually, a post-hoc innovator profile in regard to the latent ICI (trait influenced – across product categories) is a valid capture of an innovator’s profile but will not be a reliable innovator profile for a specific product (see Midgley and Dowling, 1978). If it is to be based on DSI (experience and expertise influenced – within a particular product category), it will be a relatively less valid capture of an innovator’s profile but will be a slightly more reliable innovator profile for a specific product (see Goldsmith and Hofacker, 1991). Alternatively, if it is to be based on VI (communications influenced – for a specific product), this will not be a valid capture of an
innovator’s profile at all but will be a highly reliable profile for a particular product (see Rogers 1962). Considered individually, each dimension represents a trade-off therefore to account for validity and reliability problems for an innovators’ profile, all dimensions should be considered using the following equation;

\[ Y \text{[New Product Adoption]} = W_{ICI} \times \beta [ICI] + W_{DSI} \times \beta [DSI] + W_{VI} \times \beta [VI] + e_1 \]

Where Y represents the distribution of composite scores for all adopters based on the relative time of adoption for a particular product (Rogers, 1962), W represents the weights (which can be 0.5, 0.34 and 0.17 “1, 2, 3/6” based on simple ranking that sum to a total of one) that consumers will assign to the influence, that best describes their reason for early product adoption. Of all the adopters with the highest composite scores, i.e. the innovators, those that weigh ICI as highest show that their influence is internal (from their nature) stemming from their natural tendency to purchase a product early. They can be labelled, Type 1 Innovators representing the true innovators and their behaviour (being innovators) is more likely to be stable for that particular product. Similarly, those that weigh DSI as highest, show that their influences are partially internal (from their nature) and partially external (from their environment) (Roehrich, 2003) stemming from the expertise that they have established and experiences they have assimilated. They can be labelled, Type 2 Innovators. Those that weigh VI highly show that their influence is external (from their environment) stemming from the marketing communications they have absorbed, and can be labelled Type 3 Innovators. This will result in a superior capture of an innovator’s profile.

Proposition 3: Multidimensional consumer innovativeness should be combined with the dimensions of motivated consumer innovativeness to better predict future innovators

Gatignon and Robertson (1985) argue that socio-demographic profiling is weak at prediction of future behaviour because it only interprets the consumer part of the consumer-product relationship. Dickerson and Gentry (1983) also argue that nature of an innovator is partly a function of the innovation itself. To completely understand the nature of innovators and to account for the product part, their persisting or universal motivation (idiosyncratic to the innovator) to buy new products in general, should be considered. This can be elucidated through four motivated consumer innovativeness dimensions which are part of an innovator’s personality and will persist over time and across products; they represent functional, hedonic, cognitive and social innovativeness (Vandecasteele and Guens, 2011) where the first three represent intrinsic motivations and the last one represents an extrinsic motivation (Vallerand, 1997). An innovator adopts a new product motivated by either of these dimensions.

An individual driven by intrinsic motivations pursues ‘self-appreciation’ while the one driven by extrinsic motivations pursues ‘appreciation from others’. Maslow, Frager and Cox (1970) call these goals as sub-elements of the bigger self-esteem goal. Maslow (1950) sees self-esteem as a growth choice. This self-esteem goal sees fulfilment in form of new product adoption (Cowart, Fox and Wilson, 2008). It can therefore be argued that dimensions based on intrinsic and extrinsic motivations represent an individual’s striving for personal growth.

These dimensions can however only explain future product adoption but they don’t quite explain if a new product in the future will be adopted as an innovator or a later adopter. Therefore considering motivated consumer innovativeness dimensions alongside that of consumer innovativeness will not only capture the consumer-product relationship specifically for innovators and new products but this holistic model will also explain future product adoptions for innovators. For example if an innovator (early adopter) is identified to adopt a particular new product based on a hedonic motivation, it can be said that he/she will adopt a
future product; as an innovator, if its attributes fulfil a desired hedonic goal. This model can be explained by the meta-theoretical construct of personal growth, Factor β, that combines Rogers’ (1961) growth tendencies, as early adoption and Maslow’s (1950) growth choices, as new product adoption (Digman, 1997).

**Conclusion**

This paper will contribute to the theory by increasing the latitude of Rogers’ (1962) diffusion of innovation model. This study addresses the inconsistencies within the consumer innovativeness literature, and issues with the socio-demographic profiling, by proposing solutions for each of them. Furthermore, only three studies have accounted for greater than two consumer innovativeness dimensions in a single study (Bartels and Reinders, 2010) and none have considered these dimensions alongside the motivated consumer innovativeness dimensions. A further contribution to theory is the development of a parsimonious model to better predict future product adoption with consistency, for innovators. This is particularly helpful for practitioners whom this will enable to channel resources in a more targeted manner towards potential future innovators based on an appreciation of differences among current innovators in the 2.5% that are currently assumed to be identical and consistent.

**References**


Hurt, H. T., Joseph, K., & Cook, C. D. (1977). Scales for the measurement of


Opinion Leadership and Social Influence in New Product Adoption

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Abstract
This study examines the relationship between opinion leadership and consumer susceptibility to social influence in new product adoption. Specifically, we investigate social influence from three mechanisms: informational social influence, social normative pressures, and status competition. Data from 601 Chinese student consumers were used for a structural equation modelling analysis. We find that opinion leadership significantly affects consumer susceptibility to different social influence mechanisms. More importantly, we also find that the relationship between opinion leadership and social influence is moderated by gender, which suggests that male opinion leaders and female opinion leaders react differently to different types of social influence. We discuss the implications of research results for diffusion research and for marketing practice.

Keywords: Opinion Leadership, Informational Social Influence, Normative Pressures, Status Competition, New Product Adoption
Track: Consumer Behaviour

1. Introduction
In recent years, customer-to-customer interactions has led to changes in new product adoption; that is, when making adoption decisions, consumers are more likely to rely on the suggestions from peers in their social networks rather than from the traditional marketing mass media (O. Hinz, Skiera, Barrot, & Becker, 2011; Narayan, Rao, & Saunders, 2011; Trusov, Bucklin, & Pauwels, 2009). In order to leverage social influence in new product adoption, the common approach of marketing researchers and practitioners is to identify opinion leaders who have disproportionate social influence on others, and target them as seeding points (Goldenberg, Han, Lehmann, & Hong, 2009; Haenlein & Libai, 2013; O. Hinz et al., 2011). Whereas much effort has been devoted to the influence of opinion leaders, less is known about their susceptibility to different social influence dynamics (Aral, 2011; Iyengar, Van den Bulte, & Valente, 2011).

Opinion leaders generally adopt earlier than their followers. Nevertheless, opinion leaders are not necessarily innovators. Sometimes they are, but usually they are not (Rogers, 2003). It is necessary that opinion leaders be responsive to social influence if they are not the earliest adopters, in that they may firstly experience social influence from innovators who adopt new products earlier than them, and secondly propagate the messages of new products for the rest of the potential adopters. Therefore, the role of consumer susceptibility is as important as the role of one’s influence in new product adoption, while empirical studies estimating the importance of influential and susceptibles in the adoption of new products in social networks relatively fall behind theoretical and simulation models (Kuan, 2014).

Furthermore, whether consumers are susceptible to social influence may largely depend on what kinds of influence they experience (Iyengar et al., 2011). In addition, previous research indicates that gender affects consumers’ adoption decisions as well as social influence (Aral
& Walker, 2012; Katona, Zubcsek, & Sarvary, 2011). Thus, it is expected that male and female opinion leaders may react differently to different types of social influence.

This research empirically assess two research questions on the relationships between opinion leadership and consumer susceptibility to social influence mechanisms. First, does opinion leadership affect the degree to which a consumer is susceptible to different social influence mechanisms? Second, does gender moderate the relationship between opinion leadership and social influence such that female opinion leaders are more susceptible to social influence than male opinion leaders? We investigate these questions by studying the adoption of new consumer electronics (e.g., Smart phones, Laptops, Tablets) from a sample of Chinese student consumers.

2. Theoretical Framework and Hypotheses

![Fig.1 Conceptual model](image)

### 2.1 Social Influence

Social influence is one of the significant drivers of individuals’ behaviour in sociology, social psychology, economics and consumer research. On the basis of past developments, diffusion research has provided causal mechanisms for social influence. First, consumers may be aware of the existence of innovation or update their beliefs about the product’s cost and benefit through informational social influence, such as information transfer in terms of word of mouth from previous adopters or through observational learning of the outcomes of adoption (Deutsch & Gerard, 1955; Katz & Lazarsfeld, 1955). Second, social influence may also be driven by horizontal normative pressures, such that consumers may experience discomfort when peers in their reference group adopt a new product while they do not, and thus lead to pressures to conform to group expectations (Bearden & Etzel, 1982; Burnkrant & Cousineau, 1975). Third, social influence may occur because of vertical status considerations and competitive concerns, such that not adopting a new product may result in competitive or status disadvantages (Burt, 1987; Park & Lessig, 1977). Although the above social influence mechanisms are conceptually distinct, in many circumstances, more than one mechanism may be at work in new product adoption (Iyengar, Van den Bulte, & Jeonghye, 2012).

### 2.2 Opinion Leadership

Opinion leadership is defined as “the degree to which an individual is able to influence informally other individuals’ attitudes or overt behaviour in a desired way with relative frequency” (Rogers, 2003, p. 37). Opinion leaders may be featured for their expertise and judgement and tend to be better informed than their followers (Weimann, 1991). In order to show their prudent judgement in decisions about adoption, opinion leaders are generally picky about new products, and not easily influenced by others (Godes, 2011; Rogers, 2003). Since consumers with higher levels of opinion leadership tend to be more confident in their own judgement and actions (Van den Bulte, 2010), they may not be susceptible to informational social influence. We hypothesize the following:

**H1:** Opinion leadership is negatively related to consumer susceptibility to informational social influence.
The degree to which opinion leaders are innovative depends on their followers as well as whether the system’s norms favour change or not (Rogers, 2003; Valente, 2010). In order to keep the leading position among followers, it is expected that opinion leaders will be sensitive to system’s norms or pressures when making adoption decisions. In addition, opinion leaders generally have higher social status (Rogers, 2003; Shimp, 2013). Research on status competition suggests that people who perceive themselves to have high status may be driven to adopt a new product when they find some lower-status people have already adopted, out of fear of losing their status advantage in the group (Burt, 1987; Iyengar et al., 2011). It is likely that opinion leaders are sensitive to status competition. Therefore, we hypothesize the following:

H2-3: Opinion leadership is positively related to consumer susceptible to (2) normative pressures and (3) status competition.

2.3 Moderating Effects of Gender

Men and women are believed to differ in how influential and influencable they are (Grigoriou & Rothaermel, 2014). Research shows that although female users influence male users more than they influence other female users, male users are generally more influential than female users (Aral & Walker, 2012). Males also resist influence by women more than females do (Jin & Huang, 2014). Furthermore, women are more susceptible to social influence in the adoption of information technology (Venkatesh, Morris, Gordon, & Davis, 2003). Research suggests that social status/image is more significant for women (Shen, Lee, Cheung, & Chen, 2010). Women are more likely to be socially connected, so female opinion leaders are more likely to be susceptible to social influence than male leaders. We hypothesize the following:

H4-6: Gender moderates the relationship between opinion leadership and consumer susceptibility to (4) informational social influence, (5) normative pressures, and (6) status competition, such that the effects are stronger for female consumers than for male consumers.

3. Method

3.1 Sample and Data Collection Procedures

Data were collected by distributing questionnaires to 659 undergraduate business and engineering students in 23 classes at a large public university in the southeast China. Of those, a total of 601 valid respondents had completed the survey, which represented a 91% valid response rate. The cooperation of lecturers and distribution of survey during class time helped the completeness and response rate. Of the entire sample, 43.6% were male (262), and 56.4% were female (339). Respondents ranged in age from 18 to 29 years, and the age groups of 22 and 23 occupied the largest two groups, with percentages of 37.3 and 41.3 respectively.

3.2 Measures

We adapted measures for four constructs from existing literature. Opinion Leadership was measured by a six-item scale developed by Childers (1986) and used by others (e.g. Iyengar et al., 2011). Measures of Informational Social Influence and Normative Pressures were adapted from consumer susceptibility to social influence scales developed by Bearden, Netemeyer, and Teel (1989) and used by others (e.g., Clark & Goldsmith, 2006). Status Competition was adapted from social image scale developed by Moore and Benbasat (1991) and status consumption scales by Eastman, Goldsmith, and Flynn (1999). For each item, participants were asked to indicate their attitudes or evaluations about the above variables on a five-point Likert scale (1= ‘strongly disagree’; 5= ‘strongly agree’).

4. Results
4.1 Measurement Model Evaluation

We assessed the internal reliability and construct validity through a confirmatory measurement model. The analyses were run using Amos 20.

Table 1 Means, Standard Deviations and Internal Consistency Statistics for Construct Measures

<table>
<thead>
<tr>
<th>Construct</th>
<th>Number of Measures</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>Cronbach’s $\alpha$</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opinion Leadership (OP)</td>
<td>6</td>
<td>2.80</td>
<td>0.69</td>
<td>0.89</td>
<td>0.89</td>
<td>0.59</td>
</tr>
<tr>
<td>Informational Social Influence (ISI)</td>
<td>3</td>
<td>3.89</td>
<td>0.70</td>
<td>0.76</td>
<td>0.78</td>
<td>0.54</td>
</tr>
<tr>
<td>Normative Pressures (NP)</td>
<td>5</td>
<td>2.65</td>
<td>0.63</td>
<td>0.78</td>
<td>0.79</td>
<td>0.43</td>
</tr>
<tr>
<td>Status Competition (SC)</td>
<td>3</td>
<td>2.88</td>
<td>0.81</td>
<td>0.82</td>
<td>0.82</td>
<td>0.61</td>
</tr>
</tbody>
</table>

**Internal consistency.** The composite reliability (CR) and the average variance extracted (AVE) were used to evaluate the internal consistency of constructs. The results of this analysis were reported in Table 1. According to Bagozzi and Yi (1988), CR greater than 0.60 and AVE greater than 0.50 are usually considered to indicate internal consistency. As is shown in Table 1, the composite reliability of each construct measure exceeded the 0.60 threshold. The AVE of constructs in this study largely met this requirement. The only exception was the AVE of normative pressures which was below 0.5. However, since we adapted all items from a well-established normative social influence scale by Bearden et al. (1989) and the CR of this construct was greater than 0.7, the relatively low AVE of normative pressures was not a concern in this research.

Table 2 Inter-construct Correlations

<table>
<thead>
<tr>
<th></th>
<th>SC</th>
<th>OP</th>
<th>NP</th>
<th>ISI</th>
</tr>
</thead>
<tbody>
<tr>
<td>SC</td>
<td><strong>0.780</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OP</td>
<td>0.253</td>
<td><strong>0.766</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NP</td>
<td>0.499</td>
<td>0.114</td>
<td><strong>0.652</strong></td>
<td></td>
</tr>
<tr>
<td>ISI</td>
<td>-0.003</td>
<td>-0.158</td>
<td>0.234</td>
<td><strong>0.736</strong></td>
</tr>
</tbody>
</table>

**Construct Validity.** We evaluated construct validity of the model constructs using two approaches. First, the evaluation of model fit indices were proposed by Bentler (1990), Browne, Cudeck, Bollen, and Long (1993), and Bollen and Long (1993) where RMSEA ≤ 0.05, and NFI and CFI ≥ 0.90. The goodness-of-fit statistics for the model were as follows: Chi-Square = 248.7, RMSEA =0.046, RMR = 0.035, NFI= .94, and CFI = 0.97. Thus, the results from confirmatory factor analysis showed that the model fit the data well. Second, in order to test the discriminant validity, we checked the square root of the average variance extracted as recommended by Fornell and Larcker (1981). In Table 2, the square root of AVE in the diagonal was significantly greater than the correlation between the constructs in the off-diagonal, indicating that the measures in this study possessed adequate discriminant validity.

4.2 Structural Model Estimation

Table 3 Structural Model Results for All Respondents

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
<th>Hypothesis Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>OP → ISI</td>
<td>-0.14</td>
<td>0.05</td>
<td>-3.07</td>
<td>0.002</td>
<td>$H_1$ is supported</td>
</tr>
<tr>
<td>OP → NP</td>
<td>0.09</td>
<td>0.04</td>
<td>2.43</td>
<td>0.015</td>
<td>$H_2$ is supported</td>
</tr>
<tr>
<td>OP → SC</td>
<td>0.26</td>
<td>0.05</td>
<td>5.30</td>
<td>***</td>
<td>$H_3$ is supported</td>
</tr>
</tbody>
</table>
The fit statistics for the full model (Chi-Square = 797.1, RMSEA = 0.03, RMR= 0.049, NFI = 0.91, and CFI = 0.94) indicated a good model fit. As for the model of all 601 respondents, we find that opinion leadership was significantly related to all three types of social influence, but the effects were different with respect to different social influence mechanisms. The impact of opinion leadership on informational social influence was strong and negative (β= -0.14, p<0.05), in support of H1. As for normative pressures, we find that opinion leadership was positively related to normative pressures (β= 0.09, p<0.05), which is in support of H2. Similarly, opinion leadership had a significant and positive effect on status competition (β= 0.26, p<0.001). Thus, H3 is supported. Table 3 presents the results.

4.3 Moderating effect of Gender

We conducted a multi-group moderation analysis to test H4-H6 regarding the moderating effect of the gender. Two structural models were built for the male and female groups. In the baseline model, we did not constrain any path between two gender groups and got the path coefficients and chi-square values. In the following equal paths models, we constrained the relevant path to be equal for both groups and obtained respective path coefficients and chi-square values. Then, we used chi-square test to determine whether the relevant path coefficients differed to test the moderation effect. Table 4 summarizes the results.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Path Coefficients in Unconstrained Model</th>
<th>$\chi^2$ Test Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline model</td>
<td></td>
<td>No constrains model: $\chi^2$ (342) = 797.08</td>
</tr>
<tr>
<td>H4</td>
<td>OP $\rightarrow$ ISI is greater for female than male group</td>
<td>$\beta_{(Male)} = -0.22^{***}$ (.07)$^a$ $\beta_{(Female)} = 0.05$ (.06)</td>
</tr>
<tr>
<td>H5</td>
<td>OP $\rightarrow$ NP is greater for female than male group</td>
<td>$\beta_{(Male)} = -0.01$ (.05) $\beta_{(Female)} = 0.19^{***}$ (.06)</td>
</tr>
<tr>
<td>H6</td>
<td>OP $\rightarrow$ SC is greater for female than male group</td>
<td>$\beta_{(Male)} = 0.08$ (.07) $\beta_{(Female)} = 0.38^{***}$ (.07)</td>
</tr>
</tbody>
</table>

$^{***}p < .001$ $^{**}p < .01$ $^*p < .05$

$^a$ Standard error

Significant differences were found in the relationship of opinion leadership and social influence for male consumers as compared to for female consumers. Specifically, the impact of opinion leadership on informational social influence for the male group is significantly negative (β= -0.22, p<0.001) whereas that for female group is not significant. This suggests that male opinion leaders respond less to informational social influence than female opinion leaders, in support of H4 (p<0.01). As we expected, opinion leadership is positively related to both normative pressures (β= 0.19, p<0.001) and status competition (β= 0.38, p<0.001) for female consumers, whereas for male consumers it is not significant. Moreover, both effects are also significantly stronger for female groups than those for male groups. Thus, H5, H6 are supported ($p<0.05$).
5. Discussion and Implications

In the current research, we examined the impact of opinion leadership on consumer susceptibility to social influence in new product adoption. Our findings have several implications for diffusion research and for marketing practice.

First, it is believed that opinion leadership affects the degree to which an individual exerts social influence on others. Our study is important as it finds that opinion leadership also affects the degree to which an individual is susceptible to social influence. Moreover, the impact of opinion leadership on social influence was different with respect to three different influence mechanisms. As for all respondents, whereas students who perceived themselves to be opinion leaders responded negatively to informational social influence, they were sensitive to normative pressures and status competition. These findings are consistent with the system’s norm explanation in Diffusion Theory (Rogers, 2003) as well as status maintenance mechanisms (Iyengar et al., 2011).

Second, we find the moderating effect of gender on the relationship between opinion leadership and social influence mechanisms. For all the three social influence mechanisms, female opinion leaders are more likely to experience greater social influence than male opinion leaders in new product adoption. Specifically, male opinion leaders were not susceptible to informational social influence. In contrast, whereas female opinion leaders were as responsive to informational social influence as non-leaders were, they were strongly susceptible to normative pressures and status competition. This finding parallels recent study by Oliver Hinz, Schulze, and Takac (2014) with a sample of nearly 85% female students: new product adoption was driven more by status competition (they use the term structural equivalence) than information transfer (they use the term cohesion). The interactions between gender and opinion leadership in respect to social influence raises interesting issues to investigate in future research.

Despite these contributions, using students’ samples may lead to the biased estimation of social influence. While the absolute effect of social influence may be over-estimated, the study of Oliver Hinz et al. (2014) suggests that the relative effects and social influence mechanisms among student consumers should hold. Further research could test the findings in a large population distribution.

6. Conclusion

In order to leverage social influence in new product adoption, it is not only necessary for marketing researchers and practitioners to identify opinion leaders or influentials who have disproportionate social influence on others and target them as seeding points to speed up the diffusion of new products. It is also important to understand how to influence opinion leaders to adopt the new product since they are not necessarily innovators. As male opinion leaders and female opinion leaders react differently to different types of social influence, marketers may do well to understand their special reactions to social influence and take advantage of the opportunities that each gender groups present in the new product marketing.

References


The Impact of Extended Family on Consumer Decision Making: 
A Conceptual Framework

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Abstract
This article proposes a conceptual framework for exploring the impact of extended family on family decision making. Past research has examined the decision roles and the influence of nuclear family members, however there is a lack of knowledge pertaining to extended family members. Evidence from disciplines such as family and social studies suggest that extended family can have a significant influence on the nuclear family in a range of contexts. This paper provides a comprehensive literature review on family decision making and extended family, identifying critical gaps in knowledge and presents a conceptual framework for exploring the roles and influence of extended family on the decision making process. Additionally, it is suggested that future qualitative research should adopt a “family perspective” in order to fully explore the impact of extended family members.

Key words: extended family, family decision making, consumer decision making

Track: Consumer Behaviour

1.0 Introduction
The concept of ‘family’ as a consuming and decision making unit has long been a focal research area in marketing and consumer behaviour (Epp & Price, 2008; Commuri & Gentry, 2000). Family has been traditionally defined by Murdock (1949, p.1) as “a social group characterized by common residence, economic cooperation and reproduction”. Family decision making is the consumer decision making process by which the purchase decisions that directly or indirectly involve two or more family members are made. Past research has developed an understanding of decision roles and influences between family members within a nuclear family on purchase decisions (Commuri & Gentry, 2000). However, several authors have highlighted that there is only a limited understanding of the effect of extended family members on this process (e.g., Commuri & Gentry, 2000; Epp & Price, 2008; Kerrane, Bettany & Hogg, 2012). Scholars in the family, social and psychology disciplines have demonstrated the significant impact that extended family have on many aspects of the family, for example providing tangible and non-tangible support, assisting with childcare, and influencing child outcomes in health, emotional development and academic achievement (Bengtson, Biblarz & Roberts, 2002; Lamborn & Nguyen, 2004). Thus, a deeper exploration of the role and the influence of the extended family on consumer decision making is warranted to address the gap in the current literature and to provide both academics and practitioners with a better understanding of this influence.

The purpose of this paper is to present the current understanding of the role and the influence of extended family members on family decision making and importantly, to propose a conceptual framework for future research. This paper begins with an examination of the literature on the family’s impact on consumer decision making as well as related literature from the family, social and psychological disciplines pertaining to the role and influences of
extended family on the family unit more generally. Through this review, a number of gaps in knowledge are identified and research questions are proposed. Finally, a conceptual framework to address these research questions is presented and an approach for addressing this research is proposed.

2.0 The Importance of Extended Family

A nuclear family has been traditionally conceptualised as including a mother, a father and their children (Albuquerque, 2009). Meanwhile, extended family is defined as “one family plus at least one other relative such as a grandparent, aunt, uncle or cousins” (de Vaus, 2004, p.68) or “an interactive and mutually supportive unit consisting of multigenerational kin and non-kin members, living in a same household or connected households dispersed geographically” (Hannah, 1991, p.35).

Many scholars have agreed that an extended household is a common living arrangement in regions across the world. Extended family networks have been documented within most of the major ethnic populations including Chinese, South East Asians, Puerto Ricans, Cubans and Afro-Americans (e.g., Benson, 1990). On the other hand, in more developed Western countries, the nuclear family has been considered to be the dominant form of living arrangement (Fellerman & Debevec, 1993). However, more recently there has been an increasing trend in the presence of extended households in industrialized countries due to economic, social and demographic pressures such as an aging population, immigration and rising property prices (e.g., Klocker, Gibson & Borger, 2012). Therefore, it can be concluded that extended family is an important household arrangement worldwide.

3.0 Family Decision Making

3.1 Stages in the consumer decision making process

The consumer decision making process follows a number of stages, although there is no agreement on exactly how many stages an individual goes through before making a final decision (Lee & Marshall, 1998). Past research indicates that the decision role and the influence of family members may vary across different stages of this process (Commuri & Gentry, 2000). For high involvement purchases, the family decision process follows five steps including problem recognition, product specification, information search, alternative evaluation and final choice (Levy & Lee, 2004).

3.2 Decision roles

Much of the research on family decision making has focused on the role of the decision-maker. Assael (1987) identified roles that family members can take on during the purchasing process such as the initiator who recognises the problem or need, the influencer who exerts personal influence on the decision making process, the information gatherer who collects information related to the purchase, the gatekeeper who controls the information flow, the decision maker who makes the purchase decision and the purchaser who undertakes the purchase. Past studies (e.g., Davis & Rigaux, 1974) have noted that role specialisation occurs in many family purchase decisions for example, husbands may specialise in instrumental roles which are related to the functional or economic aspects of the decision such as maintenance, finance, location and structure. Meanwhile, wives often take on expressive roles, which relate to the aesthetic and emotional needs of the family. However, as there have been a number of
changes in the economic, social and cultural spheres over the past decades, researchers have also identified shifts in decision roles in family decision making. In particular, women have become more influential in many decision making areas due to their growing occupational status and greater involvement outside of their home (Ruth & Commuri, 1998; Belch & Willis, 2002).

Within the discipline of family and social studies, research has indicated that extended family members play an important role in the family. For example, they can provide both tangible and non-tangible economic, social and emotional support for family members (Bengtson et al., 2002; Lamborn & Nguyen, 2004) or provide a sense of belonging, solidarity and protection (Fleischer, 2007). In addition, family members can also take on number of other roles such as parental role including providing value and philosophy for life, physical care, personal and career advice, providing care for grandchildren as well as financial support (Vassallo, Smart & Price-Robertson, 2009; Eccles, 1993).

In order to understand the factors that define the role and influence of family members on decision making, it has been proposed that family members with greater amounts of resources will have the most power in the decision making process (Belch & Willis, 2002). In addition, higher levels of egalitarianism in a family will predict more joint and more wifedominated decisions (Xia et al., 2006). Other family factors and characteristics can also moderate the amount of influence family members have in decision making, such as family communication patterns (Hsieh, Chiu & Lin, 2006), parental socialisation style (Bao, Fern & Sheng, 2007), family size (Caruana & Vassallo, 2003), and family type (Flurry, 2007). Importantly, socio-economic and cultural factors have also been found to determine the influence of family members (Levy, Murphy & Lee, 2008).

Despite the extensive research on extended family in a range of contexts, there is a limited understanding on the role that extended family plays in the family decision making process (Kerrane et al., 2012). Therefore, further research is needed to address this gap and we propose the following question:

Research Question 1: What roles do extended family members play within the various stages of the decision making process of a nuclear family?

Research Question 1a: What factors determine these roles?

3.3 Influence of family members

Studies on family decision making have investigated the influence of nuclear family members during the decision making process, however, little consideration has been given to extended family members. Since the 1970s, research has examined the influence of children on family decision making and this influence was found to be significant but varied by product category (Flurry, 2007). Studies have been undertaken in product categories such as cereal, groceries, family vacation (e.g., Belch, Belch & Ceresino, 1985) as well as home decor, automobiles and home electronics (Meyers, 2004). Further, the degree of children’s influence on purchase decisions can vary with the stage of the decision process. In general, the influence of children on family decision making is greatest in the problem recognition stage and declines significantly by the choice stage (Beatty & Talpade, 1994).

Studies have also explored various types of influence that can take place during the purchase decision making process such as direct vs. indirect influence (Rossiter, 1978),
implicit vs. explicit influence (Qualls, 1988) and inter-generational vs. intra-generational influence (Cotte & Wood, 2004). Additionally, researchers have studied various influence strategies and tactics used by family members relating to this process. For example, Kirchler (1990) identified tactics used by husbands and wives such as emotional tactics, helplessness, aggression, trade-offs and, integrative bargaining. Palan and Wilkes (1997) identified tactics used by adolescents on their parents, and vice versa, such as money deals, reasoning, direct ask, begging, whining and anger. More recently, Lee and Collins (2000) identified a range of different strategies used to influence family decisions including experience, legitimate, coalition, emotion and bargaining.

Despite the fact that the extended family has been recognised as a key influence in the family, social and psychological disciplines, it has received limited attention in the realm of consumer decision making (Commuri & Gentry, 2000; Flurry & Veeck, 2009). These disciplines have identified a range of influences that extended family can exert on their members. For example, extended family can contribute to child outcomes such as cognitive, health and emotional development (Modin & Fritzell, 2009) and academic achievement (Loury, 2006). Flurry and Veeck (2009) also found that grandparents are likely to remain influential in family decision making even though they may not reside with the nuclear family. Therefore, research is needed to address the following question:

Research Question 2: What type of influence does extended family have on the decision making process of a nuclear family?

Research Question 2a: What factors determine this influence?

4.0 Conceptual Framework and Future Research Direction

Following a review of the relevant literature, it has been established that there is a need to examine both the role and the influence that extended family members may have in the context of the family decision making process and at what stage(s) this may occur. We propose the conceptual framework presented in Figure 1 to illustrate the future research needed to address this gap.

As shown in Figure 1, research should be undertaken to study in depth the types of roles, for example, the decision roles, parental roles or other roles, that extended family may occupy. In addition, more research is needed to understand the type of influence that extended family members exert and the strategies and tactics they may employ during the various stages of family decision making process.

Figure 1: Conceptual Framework of Extended Family’s Impact on Decision Making
Given the limited existing research in this area, it is suggested that an interpretive and qualitative approach should be adopted in order to capture an in-depth insight into the dynamics between family members (Palan & Wilkes, 1997; Kerrane et al., 2012). An exploratory research method is useful in gaining information and in-depth understanding where prior information on the topic is limited (Yin, 2003). In depth interviews should also be utilised to capture rich details on the perspective and experiences of different nuclear and extended family members, both intra-generational and inter-generational interactions (Lawlor & Prothero, 2011).

In addition, it is suggested that a ‘family perspective’ should be adopted. Several recent works on family consumer research have highlighted the need to move away from an individualistic or dyadic approaches toward a more holistic and contextual approach (Epp & Price, 2008; Lawlor & Prothero, 2011). For example, Epp and Price (2011) conceptualised the family as a linked network and suggested that there is a need to study the interplay and interactions between family members in order to develop a more holistic understanding of family consumption. Recently, Kerrane et al. (2012) adopted the family perspective to explore the intra-familial processes leading to the child influence strategies within the family setting. By conducting in-depth interviews with both parents and children, all the interactions within the family were explored. This approach can help to overcome the limitations of previous research which has not fully captured how family purchase decisions may be shaped and guided by highly complex family interaction.

5.0 Conclusion

This paper contributes to the literature on the influence of extended family members in the family decision making process by highlighting a gap in our understanding of the role and influence of extended family members as well as the factors that determine such influence. The significance of extended family has been established in a number of other disciplines, yet largely ignored in the realm of consumer decision making. We present a conceptual framework and future research directions for examining this potentially key influence on consumer decision making.

References


Helping Young Survivors of Natural Disasters in their Social Recovery Process: ‘Being What I Wanted to be’

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Abstract

The role of possessions in expressing self-identity is an important part of consumer behaviour. This study explores the process that young survivors of the Asian Tsunami (2004) went through to re-build their self-identity. In-depth interviews were conducted with 18 young Sri Lankans who had experienced major loss of possessions during the disaster. The study found that survivors’ perception of loss relates not only to their conception of self-identity at the time the loss happened (‘who I was’) but also to their desired self-identity (‘who I wanted to become’). During the recovery process, survivors adopted a recovery strategy that centred on ‘building desired future’. The study thus extends existing understanding of self-identity recovery by revealing the importance of the ‘ideal self’ to young consumers. The study also enables marketers to become change agents by helping governments, the corporate sector, and agencies to devise enhanced support programs for survivors of natural disasters.

Keywords: Self-identity, consumption, natural disasters
Track: Consumer Behaviour

1. BACKGROUND

Natural disasters such as droughts, floods, hurricanes, Tsunamis and earthquakes are a disturbingly common and challenging phenomenon in many parts of the world. As a result of most natural disasters, societies suffer an enormous toll in terms of human and economic losses (Oliver-Smith & Hoffman, 1999). In the aftermath of natural disasters survivors have to start their lives over, often in a much worse condition, both personally and economically. In order to help survivors to recover, prompt and effective disaster recovery support programs are essential. Various disaster recovery initiatives are arranged by governments, the corporate sector and non-government organisations (NGO’s), but most focus on the needs of survivors in the first stage of the recovery process: the “disaster relief stage” (for example, Baker, 2009; Johnson, Connolly, & Carter, 2011), while the second stage of recovery, “social recovery”, receives less support. The social recovery stage seeks to establish a level of normality in the life of survivors and typically takes longer than the disaster relief stage (Campher, 2005; Mulligan & Nadarajah, 2012).

It is accepted that the disaster recovery literature does not provide sufficient explanation of how survivors re-establish a normal life, and that an alternative mechanism is required to better understand the social recovery process (Baker, 2009; Rooney & White, 2007). Understanding of social recovery can be explored using consumer behaviour theory, particularly on self-identity and consumption practices in the context of involuntary loss of possessions. This is an appealing approach because in a natural disaster survivors strive to regain ‘self-identity’ after losses experienced in the catastrophe. The effect of damaged self-identity can be significant, particularly in situations such as natural disasters where most of the possessions that are lost. Therefore, in the social recovery process, survivors aim to
protect or restore self-identity, in part, by adopting consumption practices, that is, by acquiring, using, and disposing of goods and services (Baker, 2009).

The current study is part of a large investigation into recovery of self-identity following a natural disaster. The overarching research question of the project is: What are the consumption practices adopted by survivors to protect, redefine or evolve self-identity during the social recovery process after natural disasters?

It is a complex area to investigate because survivors can be diverse. It has long been understood that life cycle stages, such as young singles, newly married couples, full nests, and older singles, impact significantly on consumption practices (Wells & Gubar, 1966), and it can be assumed that recovery strategies adopted by survivors may vary according to their stage in life cycle. Among these, the young single cohort in particular has received very little attention in disaster recovery research (Klein & Huang, 2007; Nikapota, 2006). This paper presents results of interviews conducted with young single survivors of a natural disaster in order to gain an enhanced understanding of their social recovery process and the role of consumption in their self-identity.

1.1 Self-Identity and Consumption

Social scientists recognise that ‘self’ is a collection of related self-perceptions (Markus & Wurf, 1987). Markus and Nurius (1986) state that these different selves are the cognitive manifestations of enduring goals, aspirations, motives, fears and threats. One important theory is Higgins’ Self Discrepancy Theory (1987) in which he identifies three types self-conceptions: ‘actual self’ (one’s representation of the attributes that s/he, or someone else, believes that s/he actually possesses), the ‘ideal self’ (attributes that people would like to possess), and the ‘ought to’ self (the characteristics that someone believes a person should possess). Possible selves can be considered determinants of how individuals think about their personal potential and about their future (Markus & Nurius, 1986). People may adopt various consumption practices to express and affirm the above selves (Patrick, MacInnis, & Folkes, 2002). It is important to note that a discrepancy between any two of Higgins’ (1987) three self-conceptions can create discomfort that people are likely to attempt to resolve.

From a consumer behaviour perspective, people express their self-identity through the consumption of goods and services. The sense of identity can be stronger when a person is strongly attached to things such as a stable place to live, permanent job, and established reputation (Baumeister, 1999). In a much cited work, Belk (1988) proposed that the cognitive feeling of ‘self’ can be expressed through external objects existing in physical environments, which he calls the ‘extended self’. People define themselves and understand each other through their possessions and the ‘self’ that is expressed through possessions can be diminished when treasured possessions are lost (Belk, 1988; Klein & Huang, 2007).

As Belk (1988) highlighted, with the loss of possessions in a natural disaster, not only a person’s present extended self, but also the future extended self can be affected. Hence, although research has focused on ‘past oriented’ self (Patrick et al., 2002; Schouten, 1991), future focus of self can be just as significant as the ‘here and now’ aspect of self (Markus & Nurius, 1986).

1.2 Regaining ‘Self-Identity’ through Consumption Practices

Given the importance of possessions to protect and enhance the sense of self, when possessions are lost individuals typically attempt self-restoration through various
consumption practices (Belk, 1988 p143). Literature on the role of consumption in social recovery after natural disasters is very limited, however, in a study of survivors of Hurricane Katrina, Sneath, Lacey, and Kennett-Hensel (2009) discovered that disaster can cause depressive feelings that can lead to impulsive and compulsive buying behaviours. In the aftermath of a traumatic event, impulsive buying appears to be a rational and beneficial behaviour (Sneath et al., 2009). Furthermore, survivors temporarily tend to hold on to items that have been recovered from the disaster (for example, a family photograph) (Klein & Huang, 2007).

The importance of possessions in recovery from disasters was also evident in DeLorme, Zinkhan, and Hagen’s (2004) study of recovery from wild fire. They found that survivors attempt to recover some items before the disaster becomes worse. The survivors then grieve for a short period of time for the possessions that could not be saved, and finally attempt to rebuild new properties to regain a new ‘self’. Survivors respond to their loss of symbolically important possessions by redefining themselves and by renegotiating the meanings of their favourite possessions with new possessions. The importance of the symbolic meaning of possessions in terms of expressing self-identity was also clear in Sneath et al.’s (2009) work on Hurricane Katrina survivors: it was found that the survivors attempted to use what they received from disaster support initiatives as supportive tools to feel more ‘normal’ in the recovery process, and even though they were not permitted to personalise the trailers they were given, some attempted to personalise them anyway.

As discussed above, although there have been some investigations of consumption practices to regain self-identity in the context of involuntary loss of possessions, they are limited to the notion of a ‘past’ sense of self-identity (‘who I was’) rather than also exploring the other self-conceptions of ‘ideal’ and ‘ought to’ selves which relate to a possible future self. The aim of the current paper is to address this gap.

2. METHODOLOGY

In order to explore the recovery experiences of young survivors of natural disasters, Sri Lanka was selected as the study context. Its people experienced a Tsunami in 2004, and having gone through a recovery process over a period of a decade, survivors are now in a good position to reflect on their long-term recovery experiences.

Data were gathered using semi-structured in-depth interviews with eighteen single young survivors between 16 to 24 years of age in the southern part of Sri Lanka; a region heavily impacted by the Tsunami (RADA, 2007). In-depth interviews encourage interaction between the researcher and the participant and promote a deeper and more nuanced exploration of themes (Howe, 2004 p55). The interview questions covered several broad themes, including: how participants saw themselves and their lives now compared to prior to the disaster; their experiences during the recovery process; what they had lost in the disaster; and perceptions of whether life had returned to normal. Follow-up and probing questions were used to extend or clarify responses as required.

Interviews were recorded and this data was supplemented with field notes. After building a rapport with the participants, the 45-120 minute interviews were conducted in the Sinhalese language and then transcribed verbatim before being translated in to English. A thematic analysis was conducted according to the six-step procedure recommended by Clarke and Braun (2013). QSR NVivo 10 software was used to code and organise the data set.
3. FINDINGS

Two key themes were identified in relation to the recovery of self-identity: ‘Perceived Loss of Desired Future’, and ‘Building Desired Future’. These are discussed in the following sections.

3.1 Perceived Loss of Desired Future
In line with previous studies, this study found that survivors of natural disasters felt a loss of previous self-identity (‘who I was at the time the event happened’) (Klein & Huang, 2007). However, a notable finding of the current study was that most of the participants (16 out of 18), when questioned about what they felt they had lost in the Tsunami, spoke more about the impact of the disaster in terms of loss of future life aspirations, or in other words, loss of ‘ideal’ self or ‘ought to’ self. This was mainly evidenced through their concerns of not being able to follow their planned careers. The young survivors articulated the meaning of loss in terms of lost material possessions that would lead them to build a future identity. Table 1 (column 2) presents some representative comments from the interviews.

3.2 Building Desired Future
In line with the above finding, another significant theme that emerged was a lack of support for addressing the loss of their ‘ideal self’. Most of the participants (14 out of 18) reported encountering a lack of career-related support initiatives. As shown in the interview excerpts in Table 1 (column 3), survivors had to adopt different tactics to help them build a new future despite little support. The tactics consisted of use of new services (such as career training programs,). This was further evidenced by survivors’ desire to receive support such as financial assistance to pursue competency development programs or finding out about possible job opportunities. In other words, in addition to the need for goods and services to re-establish the past, they had (unmet) needs for good and services for building their life aspirations.

Table 1 – Representative Interview Excerpts

<table>
<thead>
<tr>
<th>Participant</th>
<th>Theme 1: Perceived Loss of Future Self</th>
<th>Theme 2: Building Desired Future</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male, 24 years</td>
<td>I had been a photographer from 2002. I lost everything [in the Tsunami]. All I had in my name was gone. I am left with nothing so ever. All I wanted was to restart my business.</td>
<td>... of all the support I received, I am most grateful to one of my foreign friends who gave me a used camera and encouraged me to start my business. I used his camera until recently and I keep it as a souvenir. He financially supported me to rebuild my studio too.</td>
</tr>
<tr>
<td>Male, 24 years</td>
<td>When the Tsunami hit, it was my final year of the degree where I was required to carry out a project aiming at a future career. I do not have words to explain that...[paused]. I could have done far better if I had a computer at home [the one he had was damaged in the Tsunami]. I could not do the best I possibly could have. This affected me several times in job</td>
<td>Since I was studying, I would have preferred to receive a computer. Since, I did not have a computer, I had to go all the way to SLIIT library [where he did the degree] to do my work. Although I asked for help from NGO’s, they seemed disinterested in my request. I strongly believe that it would have been a great help if I received one.</td>
</tr>
</tbody>
</table>

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Female, 16 years
Intention was to become a doctor. After the Tsunami she did a food science degree.

I had a dream to be a doctor. But, I lost all my [school] notes…we lost the home we lived in [in the Tsunami]...I was then certain that my dream was not going to come true...I, somehow, wanted to find a good job [after studies] that would enable me to help my family. ...I thought that was the only way to get rid of a ‘victim’ identity.

I would have preferred [as opposed to food and clothes which she was reluctant to accept] some sort of financial support to continue with my studies. If I had such support, it could be easy to pursue my studies. I also would have preferred some sort of programs to prepare us for the future, given the disturbances we had in our studies.

Male, 18 years
Intended to be a professional cricketer. After the Tsunami he decided to pursue studies.

December 26th [the day of the Tsunami] was scheduled to be the starting date for cricket practice. We [the team members] were asked to attend. I could not go... If I went, things would have gone very differently for me by now.

I restarted sports [playing cricket], I then stopped because, I determined to be stronger and do something different..... [Later], I decided to do my best at studies. That was the reason why I passed the A/L exam and got admission to university to study for a business management degree.

Male, 19 years
Intention was to pursue a musical career. However, due to the Tsunami, he changed his direction.

The home we lost [in the Tsunami] was heaven for my music career. .. it was located in a nice environment.. close to the sea... I completely stopped my music career with the loss of my home.

I needed a new career to pursue. Although we received a lot of food and clothes, I couldn’t find any program that helped us establish our careers. We even received a house to compensate for the loss of my father.... I would have preferred to receive some kind of job-related support. I [later] found a cookery course by myself and followed it. [I needed to pay for it]. I asked for some financial support from several NGO’s to lessen the burden on my family. My request did not get any positive response though.

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a Age is at the date of the Tsunami
b Advanced Level (A/L) is an exam from which the best candidates are selected for free state university education.

4. DISCUSSION AND CONCLUSION

Given the continued occurrence of natural disasters, it is important to assist survivors’ recovery so that they can resume a normal life as efficiently as possible. In doing so, knowledge and better understanding of survivors’ perception of the loss and their expectations is useful for setting the priorities for effective support programs. After speaking with eighteen young survivors of the Asian Tsunami this study found that they were largely impacted by their perception (and likely reality) that their desired future was impeded by the disaster. Their articulation of the loss caused by the disaster centred on the effect on their possible future more than loss of what they possessed at the time of the disaster. This finding suggests that while the initial disaster relief support stage of the recovery process is driven by urgent needs of survivors, in the subsequent social recovery stage it is important to consider not simply supporting recovery of the “actual self” (or ‘who they were’), but to also consider the
‘ideal self’ they were striving for, or ‘who they wanted to be’. For young survivors this will involve their educational and/or career aspirations. The findings also support and expand on the understanding of the extended self, suggesting that more emphasis needs to be placed on goods and services related to a future-self.

In the current study, it was particularly interesting to learn of the challenges young survivors encounter when seeking to rebuild their desired career potential. This finding can be used to inform the corporate, government and NGO sectors regarding the help needed by young survivors of natural disasters. There are two different ways that support agencies could contribute to this scenario: 1. Directly: by providing support initiatives such as identifying job opportunities or providing financial support to enable survivors to pursue their own career plans, or 2. Indirectly: by providing services such as counselling that help survivors assess their career options and improve their confidence to do so. Both kinds of initiative could be supported through corporate social responsibility strategies to help young consumers in their long-term recovery while also enhancing corporate reputation.

If implemented, these recommendations would not only help survivors to quickly and effectively achieve normality in their lives, but also help utilise the resources allocated for disaster support initiatives more efficiently. In this way, application of theories of self-identity enables marketers to become agents of change in a context where the future of individuals and communities may be dramatically enhanced through understanding of consumer behaviour.

One limitation of the current study is that the data was collected at one point in time (cross-sectional). It is recommended that longitudinal studies be undertaken in future in order to better explore long-term social recovery after natural disasters. Future studies can also examine other survivor groups to see if they perceive the impact of a disaster in the same way as the young people in the current study.

An enhanced understanding of the role of consumption in rebuilding aspects of self-identity after catastrophic events sits clearly within the domain of marketing. It is important to have insight into the types of products and services that are likely to be sought by the large populations of young consumers who are recovering from various catastrophic events at any point in time.

REFERENCES


Young Female Consumers and the Decision-making Process for Retirement Planning: An Exploratory Study

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Abstract

Demographic shifts in the retirement population, as well as changes in government policies, have highlighted the importance of proactive planning and financial preparedness for retirement. As the composition of consumers in this traditionally aging, male-oriented product category alters, an increased understanding of female behaviour towards consumption of retirement planning products and services is critical. This exploratory research examines the decision making behaviour and retirement planning of young female consumers, providing a foundation for understanding need recognition for retirement planning among this cohort. This study contributes to the literature on consumer decision making by examining the drivers of need recognition that trigger the consumption of retirement planning products and services by young female consumers.

Keywords: need recognition, retirement, financial planning
Track: Consumer Behaviour

1.0 Introduction

In Australia, as Government policy will impact the age at which a person can access their pension and entitlements, all people entering retirement or planning to enter retirement will have to rely more on their own financial preparation than support from Government funding (Crabb, 2014). Extant literature on retirement planning focuses exclusively on aging baby boomers and younger boomers (Lusardi & Mitchell, 2011; Glass & Kilpatrick, 1998) to the detriment of a broader examination of life-long financial planning. At a time when young people have low-financial literacy (Lusardi et al., 2010), and are shown to not start planning for retirement until after age forty when it may be too late (Rickwood & White, 2009), there is a critical gap in current understanding of retirement planning within younger age cohorts. This is particularly relevant for women as they have been shown to plan less and in different ways than men for retirement (Malhotra & Witt, 2010). On average women have fewer savings than men at the time of retirement and they are less likely to be able to accumulate wealth over their lifetime (Sanders & Porterfield, 2010). This difference is potentially explained by the variation in information processing between men and women towards complex analytical problems such as retirement planning and investing (Meyers-Levy & Maheswaran, 1991; Graham et. al., 2002); and structural barriers such as wage differentials and job movement (Malhotra & Witt, 2010). Lastly, women tend to receive different treatment by financial professionals (Lai & Tam, 2012). For these reasons, there is critical need to increase understanding of how retirement planning is specifically experienced by this gender (Sanders & Porterfield, 2010). This study is undertaken in an exploratory capacity that examines the drivers of need recognition that trigger the consumption of retirement planning products and services by young female consumers. By investigating women under the age of forty, this study explores a sample that is vastly under represented within retirement planning (Grace et al., 2010).

2.0 Literature Review
Need recognition is required for an individual to consume good and services (Bruner & Pomazal, 1988) and therefore is a critical stage of the decision making process for understanding planning and consumption behavior. Also influencing this stage is the type of action a consumer takes once the need recognition is triggered. If the decision requires little pre-purchase information search because it is a simple decision, the consumer is likely to decide to purchase without moving through the rest of the decision making stages. However, in spite of need recognition, if the decision is highly involved and of great impact to the decision-maker, the consumer may take no immediate action and assume low temporal risk. This places the consumer at risk of minimizing future consumption choices, such as in the case of retirement planning (Rickwood & White, 2009).

Retirement planning requires the consumption of financial goods and services and also includes the accumulation of financial literacy (Lusardi & Mitchell, 2011). The decision to plan for retirement can be influenced by a variety of different psychological factors. The two internal influences of consumers’ level of involvement and intention also have been applied in financial services and in the retirement context (Aldlaigan & Buttle, 2001) to better understand retirement planning. Research in this field suggests low consumer involvement within retirement planning leads to a lack of financial preparedness (Rickwood & White, 2009). This finding complements financial planning literature, which concludes that those with less financial involvement have worse financial outcomes at retirement (Lusardi & Mitchell, 2011). By measuring the influence of intention on need recognition for retirement planning, this study can help identify whether intention is required for consumers to begin the decision-making process and thus, exhibit the behaviors associated with retirement planning. Thus, the following research question is proposed:

RQ1: Do the internal factors of involvement and intention influence consumer action towards the decision-making process?

The decision to retirement plan can be influenced by a variety of different psychological factors (Engel et al., 1973). The framework proposed for this study (Figure 1) is adapted from theories of consumer decision-making and problem recognition (Bruner & Pomazal, 1988). Bruner and Pomazal (1988) argue that the nature of the discrepancy influences the consumers’ recognition process. Once a discrepancy is recognised, the nature of the discrepancy and the ability of the consumer to delineate the problem influences whether or not he or she will take further action towards achieving a desired end goal. The factors of perceived risk, more specifically delay discounting, involvement, intention and planning and demographics are proposed as influencing factors on the need recognition stage of young women’s pre purchase behavior towards retirement planning.

RQ2: Do young women perceive a discrepancy between their actual and desired state of retirement planning or preparedness?

The concept of risk has been shown to be a critical factor within retirement planning and financial preparedness for retirement (Watson & McNaughton, 2007). Rickwood and White (2009) found that one of the strongest dimensions of perceived risk on retirement planning decisions is temporal risk, or the risk of the future. This finding has been supported by other studies of retirement planning in different cultures (Topa et al., 2012) and demographic populations (Mann, 2011). Delay discounting effectively illustrates the amount of temporal risk perceived by decision-makers (Daugherty & Brase, 2010) and therefore has the ability to capture the influence of temporal risk on young women’s decision making to retirement plan. Thus, the following research question is proposed:
RQ3: Does temporal risk influence the retirement planning choices of young women?

Figure 1. Proposed theoretical framework for need recognition of young women to retirement plan

3.0 Methodology

Survey data was collected from 47 young female consumers using an online panel conducted over a two week period. Respondents were screened to ensure they met the target sample requirement: females aged 20 to 40 years of age. The initial sample participants were recruited through convenience snowball sampling method of social and professional networks of the lead researcher. The study found the average age of respondents was 27, living in Melbourne, working full time, earning $79,999.00 per annum, and holding a Bachelor’s degree. Descriptive statistics formed the basis for exploratory analysis and found the sample of this study was highly homogenous, likely due to the biases inherent within a small sample as well as the sampling approach utilised. The questionnaire included measures of retirement planning and intention, involvement in retirement planning, of delay discounting, and need recognition as well as demographic items. All items were constructed and adapted from existing scales to the current research subject and setting. The respondent’s current level of retirement planning and intention to change housing was adapted from Griffin et al. (2012). The five-point Likert scale with the end points of strongly agree / strongly disagree measured three items that included; I do not intend to do financial planning for retirement during the next month, I will do financial planning for retirement during the next month, and I am determined to do some financial planning for retirement during the next month. These items have been used to measure behavioral intention in other previous studies (Ajzen & Madden, 1986).

Delay discounting was measured using 21 questions where respondents were asked to make a hypothetical choice between smaller and larger monetary rewards overtime. Respondents were ranked into seven groups according to their rate of delay discounting. The rank reflects an increasing perception of temporal risk. This ranking identified the rate at which respondents discounting the value of future versus immediate rewards. The ranking was calculated into seven categories, reflecting specific delay discounting parameters. Rank 1 included respondents with the lowest discount of future rewards, meaning they perceived less risk in future uncertainty than the rest of the sample. On the other end of the scale, rank 7 included respondents with the highest discount rates, those who perceived the greatest risk in choosing a delayed reward. This rate is the degree at which the respondent perceives
diminishing value in a future reward as a function of the length of delay (Kirby and Maranjovic 1993):

\[ V = A / (1 + kd) \]

A respondent’s involvement was measured using the Kapfer-Laurent’s Consumer Involvement Profile (CIP) adapted to the context of retirement planning. The profile is measured through 18 questions on a five point Likert scale. Need recognition for retirement planning recognition was measured using one item with two discrete outcomes (Do you think you need to plan for retirement?). Lastly, demographics information was collected for the variables of gender, age, education, occupation and location.

4.0 Findings

The low rate of intention and involvement (RQ1) among the sample for retirement planning in the coming month showed a lack of immediate intention to act upon the consumption behavior of retirement planning. Fifteen percent said they planned to do retirement planning within the next month, and only 19% were determined to do so. Similarly, the sample did not show strong involvement towards retirement planning. Forty-five percent attached great importance to it, but they did not derive pleasure (33.3%) or have interest in retirement planning (35.4%). Almost 45% were uncertain if they would make the right choices with retirement planning product. Similarly, 45% of respondents agreed choosing retirement planning products was ‘too complicated’.

In investigating RQ2, the majority of young women (88%) did perceive discrepancy between their actual and desired state of retirement planning or preparedness and therefore recognised the need to plan for retirement. Only two respondents stated they did not recognize the need to plan for retirement. However, this need recognition did not translate to immediate consumer action.

Analysis of a respondent’s temporal risk (RQ3), measured through delay discounting, showed a difference in the rates of perceived temporal risk in the sample. Most respondents between the ages of 25-30 fell into Rank 6 and were found to have a higher rate of delay discounting (0.026), suggesting these respondents were more likely to choose the immediate reward offered 67% of the time. Respondents between the ages of 31-39 who mostly fell in to Rank 2 and had a lower delay discounting rate (0.0048) and were more likely to delay a reward, choosing an immediate reward 37% of the time. This finding aligned with previous research (Green et al., 1994) that examined the rate of delay discounting throughout the life span and found that as people age their rate of delay discounting tends to decrease as they become less impulsive and less orientated towards the present.

5. Discussion and contributions

This study found that women in this sample did in fact recognize the need to plan for retirement. The level of involvement and intention were found to play an important role in motivating the respondents’ interest to taking specific decision making steps towards retirement planning. Largely, the sample recognised the need, but did not plan to act on that
need within a defined time period, in this case the next month. This lack of consumer action from need recognition could be due to insufficient resources, insufficient discrepancy, low importance or insufficient information (Bruner & Pomazal 1988). For example, young women may perceive retirement planning as important, however it may have low priority within their current lives and therefore the discrepancy they perceive may be not large enough to motivate further action on this decision. This may be particularly relevant in the case where who consumers perceive themselves lacking financial literacy found individuals less likely to be motivated to involve themselves in in-depth financial decisions as the decisions of mortgage and investment services (Hershey & Mowen 2000). However, the small size and bias in education and qualification of the sample in this study limit the generalizability of the outcomes presented. Future research should include a larger empirical study, including a control group of young male respondents, as well as examine the influence of lifestyle and demographic variables on the retirement planning of young women.

The outcome of this study served two purposes. First, it has demonstrated the role level of involvement plays once need recognition is triggered in young women’s consumption of retirement planning products. This emphasises that once need recognition takes place, sufficient resources and information to develop financial literacy should be made available to encourage action towards their retirement planning. Second, the study has highlighted the need for further research pertaining to a cohort who may be under resourced and under prepared for retirement. This is particularly important as women make less money during their lifetime compared to men and they are less likely to make long-term financial planning decisions (Sanders & Porterfield 2010).

References


Abstract
At a time when using consumption for enhancing ‘face’ is becoming prevalent in China, this exploratory study clarifies different types of Chinese ‘face’ and further defines a concept of ‘consumption face’. Also, this study defines two traits of consumption face and conducts a specific set of measurements. As the young Chinese may be more westernised we hypothesized that they are less impacted by face than preceding generations. In order to investigate this we conduct a survey to compare the influence of consumption face on three age cohorts. Surprisingly, the result does not support the proposition that face influences young consumers less; indeed the data supports the alternative that face influences young consumers more than older consumer generations on luxuries. This study found that the influence of face has not attenuated despite dramatic changes in Chinese society, however interestingly we note that the way of obtaining face has been changing over generations.

Keywords: consumption, face, Chinese consumers, luxury, consumer behaviour

1 Scope the Concept of Chinese face
Chinese face has been described as “abstract and intangible and yet it is also the most delicate standard by which Chinese social intercourse is regulated” (Lin, 1936). However, as a socio-cultural concept, ‘Chinese face’ remains in vague. Chinese ‘face’ has implied and meant much in China for over two thousand years. This is also because face regulates Chinese behaviour intangibly and implicitly. Since China has become one of the world’s biggest markets, and face regulates Chinese behaviour including consumption implicitly (Lin, 1936), the need to clarify it is compelling.

Moral face VS. Social face. Chinese ‘face’ implies moral face (lien, a Chinese word for face), which relates to the individual’s inner discipline, or internalised moral orientation. Studies concerning ‘honour’, ‘dignity’, ‘reputation’, ‘social esteem’ (Hofstede, 1984; Hu, 1944; Leung & Chen, 2003) refer more to moral face. Face also implies social face (Mien-tzu, another Chinese word for face), which relates to the externalised social self and relationships with others (Guanxi) in social contexts (Hu, 1944; Ho, 1976). Studies concerning ‘reputation’, ‘prestige’, ‘self-image’ and social presentation (Goffman, 1955; Podoshen, Li & Zhang, 2011) refer more to social face.

The face specific for Renqing. Due to the high importance of social interrelationships in China, the Chinese ‘personal relationship’ is subtle and complex (see studies of Guanxi by Yang, 1994 and King, 1991). Guanxi is a web of social resource, in which Renqing is the social capital in interpersonal transactions. There is another sort of face that specifically occurs during and after the transaction of Renqing. This “Renqing face” is claimed by the receiver during the transaction, and it is also claimed after the transaction when the receiver shows off his/her achievements to others in public that have resulted from Renqing.
1.1 Social face affects consumption

‘Social face’ is maintained and enhanced by both one’s behaviour and one’s presentation through following the Confucian rules (Ren, Yi, Li: show benevolence, righteousness and propriety (Gabrenya & Hwang, 1996)). However, in today’s China success is defined by financial power (Chang et al., 2006). Thus, displaying prestige products to signal one’s wealth and social status is a more convenient way of enhancing face. It explains why luxury products and brands are becoming so popular in China: Chinese consumers account for 27% of luxury consumption worldwide (Atsmon, Ducarme, Magni & Wu, 2012). Hence, the motivation to study face-related consumption is clear. This paper explores a basis for segmenting Chinese consumers using responses to newly measured underlying consumption factors that influence social face.

There are also two patterns of consumption related to face that cannot be ignored: dinner parties and gift-giving, which are not for individual face (self-image), but purely serves the face for Renqing in the interpersonal interactions. The dinner party is a form of giving and having face between Renqing participants. Gift-giving in China is an extremely popular way to maintain relationships in everyone’s social group (Guanxi).

To distinctly outline these aspects of face, and position the consumption face, we created a matrix (see table 1).

1.2 Definition of Consumption face

The part of Chinese face that relates to consumption can be conceptualised as ‘consumption face’, thus we propose the following definition:

Consumption face is an element of the dynamic social self, a claimed sense that is maintained and enhanced through consumption to signal social status and wealth in one’s social contexts. To differentiate consumption face from other concepts, Li and Su (2007) encouragingly summarise three attributes of “face consumption” that can be a base: (1) Obligation; (2) Distinctiveness and (3) Other orientation. However, they explain that the trait of Other orientation is for relationships and referring to gift-giving and dinner parties: this trait belongs more to Renqing face, as we have clarified to in this paper. Therefore, we separate the trait (3), Other orientation, from consumption face. In addition, for the two traits of Obligation and Distinctiveness, they argue that both are similar: the idea that Chinese have obligation to conform to their social group and distinguish from other social groups. Thus, to differentiate these two attributes, we have re-conceptualised them as a societal conformity and social group distinctiveness respectively.

Societal conformity. Same is safe. Interdependent personalised Chinese people are more connected and less differentiated from others. In this collectivist cultural context, social shared and consensual images of ideal persons largely guide people’s daily presentation and

<table>
<thead>
<tr>
<th>Face</th>
<th>Related to Individual Social Self</th>
<th>Related to Interaction in Social Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moral face</td>
<td>Social Face</td>
<td>Consumption for Renqing face: Dinner parties &amp; gift-giving</td>
</tr>
<tr>
<td>Distinctiveness</td>
<td>Other orientation</td>
<td></td>
</tr>
</tbody>
</table>
practices (Markus & Kitayama, 1991, 1998). As brilliant role players mechanically performing their prescribed role-behaviour, Chinese quickly find and imitate their ideal image to avoid losing face (King, 1991). For example, when the iPhone became a status symbol of wealthy elite (Chiang, 2013), it immediately became enormously popular in China especially with Chinese youth (23 million iPhones were sold in China in 2013 even though its price was six times that of a local alternative (Eric & Brian, 2013)). Those ideal images rely on shared societal consensus and are mainly established by authorities or the mass media.

Social Group-Distinctiveness. Chinese people’s lives are strongly integrated with their own social group (in-group) and also differ significantly from out-groups (Gabrenya & Hwang, 1996). Group norms are more important than personal interests. Chinese take the group taste into consideration when they consume (Wong & Ahuvia, 1998, Ting-Toomey & Kurogi, 1988). To synthesise, Chinese often consume, not for individual social identity, but rather to demonstrate the social distance between different groups for maintaining face.

2 Does consumption face matter to young consumers?

After China operated Openness Policy 1978 which received a further boost in 1992, young people who expose largely to an imported westernised environment, have been observed to be different from the preceding generations: they are normally better educated, have greater disposable incomes, reject traditional values, are more open-minded and more cosmopolitan (Zhang, 2010; Qiu & Lin, 2013). Hence, we are motivated to ask: is this cohort of 300 million becoming more westernised in their consumption? Therefore, the research question of this research is:

Does face still influence young consumers on purchase decisions?

To find it out we compared three different age cohorts in the survey.

3 Methodology and research design

3.1 Items to measure Consumption face

To measure consumption face specifically, we construct the items by building on Li and Su’s work (2007). They used three 7-point Likert-scale items to measure Conformity, but, as we discussed in section 1.4, the “others” and “friends” among these 3 items that they used link the items more to another trait: Social group distinctiveness. To make the measurement items more specific to the societal conformity trait, we have re-created three items:

1. I feel that the purchase or use of a < category > (the name of testing category in the survey, for example, < a private car >. Same as following items) will bring a sense of acceptance.
2. I feel that the purchase or use of < a private car > becomes popular.
3. I feel that I will lose face among others if I cannot purchase or use of < a private car >.
4. For the “social group distinctiveness” measure, Li and Su (2007) used another three items, but some refinements of these measures were also indicated: In today’s China, social status is not a clearly defined attribute for everyone; thus occupations are now important indicators of social status. We therefore revise their 2nd item as below. Similarly, their 3rd item regarding “a sense of prestige” does not closely relate to social group distinctiveness: we have therefore replaced their 3rd item with a new one, referring to social group members as below:
1. I feel that the purchase or use of <a private car> is a good way to distinguish myself from people who are in different social groups.
2. To satisfy the expectations of fellow work associates, my decision to purchase <a private car> is influenced by their preferences.
3. My decision to purchase <a private car> is influenced by the preferences of people who I have frequent social interaction.

Furthermore, we have changed from their 7-point Likert-scale to 6-point Likert-scales (1=definitely agree; 6=definitely disagree). This is to assist Chinese participants to give clear responses to the items as they normally tend to give a neutral opinion rather than show extreme tendencies due to ‘harmony’ being a cultural ideal.

### 3.2 Measure consumption face on various categories

Some studies have observed that Chinese consumers have developed a strong appetite for luxury goods (Wong & Ahuvia, 1998; Li & Su, 2007). To further comparing the face influence on products purchase decision from different dimensions, we continuously apply the concept “conspicuousness” to conceptualise products into four categories: (1) publicly consumed luxuries (PUL), (2) publicly consumed necessities (PUN), (3) privately consumed luxuries (PRL), (4) privately consumed necessities (PRN) (Bearden and Etzel, 1982).

Through an earlier survey we tested and selected 16 product items from 80 representing four treatments (PUL, PUN, PRL, PRN) for each of the age cohorts respectively.

The four treatments are constructed by two dimensions: luxury-necessity, and public-private. Necessity is defined as that which everyone owns, whereas luxuries is the category that is used to signal wealth and social status, no matter how visible it is (Bearden & Etzel, 1982). Thus, the proposition of this research is:

*The influence of face on product category decisions*

*P1<sub>a</sub>:* depends on the attribute of luxury vs. necessity, independent of public vs. private  
*P1<sub>b</sub>:* does not depend on public vs. private consumption, independent of luxury vs. necessity

We need to highlight here that some studies’ emphasis on *publicly* visible possessions for face concern (Wong & Ahuvia, 1998) exactly refer to luxury *brands*, not the *product category* itself. E.g. a handbag is a necessary product, it does not bring face because it is not a symbol of wealth and social status as everyone possesses it; but it does bring face if it is a luxury brand (LV, Hermes, etc.). Consumption face from the brands is next step in a research and so it not looked at in this research.

In addition, as we have discussed, young consumers are assumed to be more westernised and inclined to be more individualist, thus the 2<sup>nd</sup> proposition is:

*P2: face influences young consumers less than it does preceding generations*

### 3.3 Main survey

The data was gathered during August and September of 2013. The sample was recruited nationwide by a reputable, representative online data panel to match the Chinese population distribution across three generations.
Table 3: Mean Face Influence scores of three age groups (6-points Likert- scale)

<table>
<thead>
<tr>
<th>Age \ treatment</th>
<th>N</th>
<th>PUL</th>
<th>PUN</th>
<th>PRL</th>
<th>PRN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Young (18-28)</td>
<td>238</td>
<td>3.69*</td>
<td>3.61 a</td>
<td>3.67 b</td>
<td>3.41 ab</td>
</tr>
<tr>
<td>Middle-age (29-40)</td>
<td>414</td>
<td>3.51*</td>
<td>3.59 d</td>
<td>3.60 c</td>
<td>3.45 cd</td>
</tr>
<tr>
<td>Older (41-54)</td>
<td>277</td>
<td>3.46 a f</td>
<td>3.58</td>
<td>3.61 e</td>
<td>3.34 ef</td>
</tr>
</tbody>
</table>

Difference between the generations (*) and categories (a, b, c, d, e, f) are supported at the 95% confidence level

Table 4: Overall results of MANOVA Analyses

<table>
<thead>
<tr>
<th>Age</th>
<th>N=929</th>
<th>Between-subjects factors</th>
<th>Within-subjects factors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Grouping: treatment vs.</td>
<td>Luxury necessity (LN)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Public (PP) vs.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Interaction: LN * PP</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>F-value</td>
<td>8.95</td>
<td>7.11</td>
</tr>
<tr>
<td></td>
<td>Df</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>P-value</td>
<td>.000</td>
<td>0.01</td>
</tr>
</tbody>
</table>

3.4 Results

To confirm reliability, we calculated Cronbach alpha statistics for both sub-dimensions (Conformity and Social group distinctiveness), each with three items. Both sub-dimensions were found to have Cronbach alpha reliability statistics of 0.81, meeting the threshold for acceptability (Cronbach, 1951). Hence, the 6 items for the two traits we developed seem reliable enough for the research of consumption face. Results indicate that substantial differences exist in all consumer perceptions of face influence across the four quadrants (PUL, PUN, PRL, and PRN) (see treatment column in table 4). In addition, the mean face influence scores differ on luxury-necessity dimension at the 95% confidence level, but not for public-private dimension (see LN & PP columns in table 4). This is supporting proposition \( P1_a \) and \( P1_b \) (see table 3 & 4). This shows the framework of using a four quadrant approach is therefore appropriate for face influence research.

The interaction effect on face consciousness on of both two dimensions (luxury-necessity & public-private) is supported at the 95% confidence level (see the interaction column in table 4). This conforms to a partly non-compensatory response model: Chinese perceive more face influence when the two dimensions act together, even more so than the impact of luxury-necessity dimension on its own. In the absence of any strong evidence for an independent role, the public-private factor can then be seen as a moderator (helper) for the luxury-necessity factor effect.

The results in table 3 do not support proposition 2: that face influences young consumers less, but in contrast for the category of PUL: young consumers perceive the highest face influence for public consumed luxuries, amongst all generations.

4 Discussion and implications

This exploratory study clarifies different types of ‘face’. It also defines further the concept of ‘consumption face’, which is directly relevant to marketing. This study defines the traits of consumption face, and conducts new measurements in a survey comparing three different age
cohorts to (1) test the measurements and (2) test whether consumption face influences young people less than it does on preceding generations. Reliability tests of the survey data indicate that the research items and the framework of the research are appropriate.

The research indicates that the influence of face on young people does not attenuate; in fact it appears that the youth perceive stronger face influence on publicly consumed luxuries than older cohorts. From this, it would be unwise to conclude that older, more traditional Chinese perceive less face than young people do. Rather it suggests a more subtle interpretation: that elder Chinese do not use consumption to enhance face as much as youth do.

Thus, we can deduce that the modern China is still a collectivist society, people are still very conscious of social context and of social groups (Hofstede, 2001). The traditional indigenous “face” continues to exist and influence people’s life. However, the way of obtaining face is changing. Young people are more likely to use consumption, such as luxury goods, to achieve the sense of face than preceding generations. This suggests that the social meaning of consumption is likely to be very important for the purpose of having and enhancing face in China’s future.

5 References


Hong Kong: Oxford.


Abstract
Consumer motivations for purchasing recycled fashion have not been investigated in New Zealand. An exploratory study indicates that motivations to purchase recycled fashion include the desire to develop a unique appearance, hedonic benefits from the shopping experience and getting a bargain. Environmental concerns do not appear to play an important role though there appears to be an emerging appreciation for recycling. The strategies adopted by retailers to create a store image seem to be influencing respondents’ expectations and store choice.

Keywords: second-hand, recycled, apparel, consumer motivations, New Zealand

1.0 Introduction
The nature and impact of the second-hand clothes market on apparel purchase decisions of consumers in New Zealand appears to have been little studied, apart from articles in the regional press. For example Geraghty (2009) notes the demand for recycled clothing is growing in Wellington. Fashion media makes frequent references to increased styling of vintage and retro garments, but there seems to be little published literature on how customers perceive the recycled apparel market or how they relate to the different options for purchasing second-hand apparel that are now available. The aim of the study is to investigate the motivations of consumers to purchase recycled apparel; whether sustainability plays a role in customers adopting recycled clothes and to examine the attitudes of consumers toward recycled clothes.

Following the economic downturn in 2008-09 there has been a significant increase in the number of outlets retailing recycled clothes. This has been supported by the increased acceptance of second-hand clothing by consumers in the market place who are willing to pay higher prices than in the traditional opportunity shops. In a prior study on second-hand apparel retailers, the authors observed that in response to changes in customer demographics and competition, retailers were adopting different elements of retailing strategy such as upgrading store image, quality and presentation of merchandise. The present study assumes significance given the growing importance of this sector. Hence an understanding of the attitudes and motivations of these customers will enable the sector to better adapt their store image and retailing practices to the needs of the target market.

2.0 Literature Review
Second-hand clothing has been investigated from many perspectives. A few aspects considered relevant for this study are discussed below.
2.1 Consumer motivations for purchasing second-hand clothing

Consumer behaviour can be understood by classifying motives based on whether a particular need can best be addressed by utilitarian or hedonic value (Babin & Harris, 2013). Consumers shopping for recycled fashion are often motivated by ‘hedonic aspects’ where they are looking for both an emotionally satisfying as well as a personally gratifying experience. They love to shop and are often looking for a rewarding shopping experience. Consumer involvement is high and they are willing to spend time, effort and money in acquiring products of this nature. The degree of personal relevance is high for those shoppers who are keen to pursue hedonic aspects.

Hedonic benefits that include enjoyment from shopping for clothes have been investigated by researchers on shopping orientation and its link to consumers seeking a recreational experience (Babin & Attaway, 2000; Cox, Dena, & Anderson, 2005; Kaltcheva & Weitz, 2006). While literature on shopping orientation emphasise the fact that thrift oriented shoppers tend to mostly focus on value and not enjoy the shopping experience, Bardhi and Arnold (2005) have found that thrift shoppers also derive hedonic benefits characterised as fun, exciting, a hobby, a treasure hunt, satisfying and unexpected.

Some of the hedonic motivations identified in the literature for consumers purchasing second-hand clothing include: a way of achieving a better quality of wardrobe than could otherwise be afforded e.g. vintage, retro or labelled designer clothing (Palmer & Clark, 2005); a way of expressing individualism or taste (Geraghty, 2009); alternative lifestyles, a sustainable ethic or environmental concerns (Palmer & Clark, 2005; Parsons, 2002).

Utilitarian motivation involves a desire to acquire products that can be used to accomplish things. It helps consumers maintain their current state and consumers act to retain things as they are (Babin & Harris, 2013). Those who are motivated by utilitarian considerations are likely to be those who shop for thrift. They are motivated by the need or desire to minimise the budget or to obtain a ‘bargain’ (Broadbridge & Parsons, 2003). Others shopping for recycled clothes may be looking for specific garments e.g. theatre or performances, school balls etc. (Rucker, McGee, Alves, Hopkins, Sypolt, & Watada, 1995); Recycled apparel affords the opportunity for shoppers to remodel, recut, resize, salvage or for crafts (Evans, 1998; Gill, 1998). Recycled clothing also caters to the needs of shoppers who are opposed to consumerism or who adopt voluntary simplicity (Roux, 2006).

2.2 ‘Variety seeking and individualism

One of the ways adopted by youth to exhibit individualism is through wearing ‘retro-style’ or ‘vintage’ fashion (McRobbie, 1989). This may be motivated to some extent by ‘social image needs’ as reflected by the desire to be seen by others as being different, hip and attractive. Consumers also project their ‘self concept’ or impressions of the type of person they are by what they wear (Blackwell, D’Souza, Taghian, Minard & Engel, 2006). Thus even in second-hand clothing, the processes of fashion and consumer behaviour operate.

Several authors (e.g. Palmer & Clark, 2005; Roux, 2006; Geraghty, 2009) have suggested that the need to wear clothing that is individual, of high quality and unlikely to be worn by anyone else are strong motivations for the adoption of vintage clothing styles. The practice of combining articles both new and vintage in a single outfit is commonplace among wearers. In addition to vintage clothing, the increasing demand for higher quality used garments has led
to the proliferation of trendier and up-market stores selling pre-owned designer and 'labelled' garments in more affluent settings (Palmer & Clark, 2005).

2.3 Sustainability and recycling of clothing

Research by Niinimäki (2010) has highlighted contradictions of sustainable ethos and consumer behaviour. The influence of sustainability as a driving motive seems to be relevant for low value items for daily consumption, whereas value considerations may play a greater role for clothing (Davies, Lee & Ahonkhai, 2012). But the trend appears to be that consumers are seeking new ways to link materials and processes to environmental awareness, and this process is still emerging (Niinimäki, 2010).

One of the main sources for recycled clothing is from consumers disposing of items that are no longer needed (Bianchi & Birtwistle, 2010). Motives for donating clothing are diverse and include clothes as an asset that can be converted into cash and disposing of surplus in a useful way, motivated by altruism or by environmental concerns (Roux, 2006; Palmer and Clark, 2005). Recycling of clothing as a form of sustainable behaviour appears to be evolving (Birtwistle & Moore, 2007) and it is to be seen if this plays a role in the increasing acceptance of recycled fashion among consumers in New Zealand.

2.4 Attitudes towards recycled clothing

According to Babin and Harris (2013) attitudes are relatively enduring evaluations of objects, products, services, issues, or people. They motivate people to behave in a consistent way and are closely related to value. Attitudes possess three important components: affect - refers to feelings about the object; behaviour - refers to the overt behaviours displayed by consumers and cognitions (or beliefs) - refers to beliefs held by consumers. According to the functional theory of attitudes proposed by Katz (1960), attitudes perform four types of functions and they include: utilitarian function where customers will use attitudes to maximize their rewards and minimize their punishment; knowledge function which allows consumers to simplify their decision-making processes. These attitudes will help the consumer avoid undesirable situations and help them select objects they like; value-expressive which is found in a number of consumer settings and enable consumers to express their core values, self-concept, and beliefs to others; and ego-defensive which works as a defence mechanism for consumers. This function allows consumers to protect themselves from information that may be threatening. Alternatively, consumers also develop positive attitudes toward products that enhance their self-image. An understanding of consumer attitudes toward recycled clothes is necessary to assist marketers and retailers to respond appropriately in the marketplace.

3.0 Methodology

A focus group discussion was held with eight regular purchasers of recycled apparel. Semi-structured broad open-ended questions were used to guide conversations. This was tape recorded (with ethics approval by the University and the permission of the participants) and subsequently professionally transcribed verbatim. The transcript was checked for accuracy, and carefully examined by the researchers. All phrases, sentences and paragraphs were rigorously reviewed and codes were developed to group responses according to key themes. According to Patton (1990) the purpose for classifying qualitative data is to facilitate the search for themes within a particular setting. Teasing out themes, or looking for 'recurring regularities' in the data was the main tactic for drawing meaning from the data. This involved
looking for both recurring phrases in the verbatim expression of informants, and threads that ran through the data. Two of the researchers undertook this independently with a view to record objectively the characteristics of the messages that were coming through from the focus group (Neundorf, 2002). High levels of agreement among the researchers assured the reliability of the text classification. Three of the themes that pertain to the research questions in this paper are discussed in the findings.

4.0 Findings

Analysis of conversations revealed trends of individualised fashion orientations and hedonic motivations as important factors influencing purchase of second-hand apparel. For most consumers sustainable motivations were not a priority.

4.1 Attitudes towards recycled apparel – individual difference

All the respondents expressed positive attitudes towards recycled apparel – second hand clothing was perceived by them as a preferred fashion choice, alongside mainstream fashion. Most of the respondents had a long history of frequenting secondhand stores but they perceived a growing number of others keen to purchase second hand clothing to supplement their wardrobes for varying reasons. This most recent growth was commonly attributed to fashion trends and increased acceptability across all ages. In relation to this, these consumers were aware of the types of recycled retail outlets and boutique stores are seen to be on the increase.

4.2 Recycled fashion purchase – crafting a personal identity

One of the main motivations for purchasing recycled fashion expressed by majority of customers was that they were looking for clothing that was different to the mass manufactured fast fashion labels. They sought garments that could be individualised in order to make a personal statement.

“I just like to find things that you’ll never ever find anywhere else. Stores, like Glassons, Supre, Dotti, that sell new clothes, they’ll all be selling virtually the same thing, with the difference being price or perhaps minor style changes.”

Others were looking for clothing that could be up-cycled or altered to suit their individual style or taste with one respondent claiming that there was less risk involved for experimentation. Another component for this search for individual identity was the possibility to select clothing made with quality fabrics and valued or unique design aesthetics.

“I’m really aware of fabric quality and so when I buy fabric to make stuff, I only buy natural fibres and so I want a piece of clothing that is going to be made with nicer fabric. And op shops can deliver that sometimes.”

“I’ve got an obsession with the Japanese designers and I figured I could buy the Japanese designer clothes from Soup. So Soup opened five years ago, I was shopping there every second week and ended up with such a big lay-by that I now work there.”

4.3 Recycled fashion purchase – hedonic, variety seeking motives
The respondents described the shopping experience as having elements of fun, surprise and bargain finds with some undertaking this with family and friends. All our respondents spoke enthusiastically about the enjoyment of second-hand clothes shopping, for many it was also a leisure activity where the thrill of the hunt provided motivation and incentive.

“I found this virtually brand new Icebreaker merino top for my stepson for $3 and it’s the thrill of the hunt, isn’t it? When you find something like that, you think, ‘That’s brilliant.’”

“Ziggurat, for example I bought a pair of Voon pants there not long ago and they were $80, which is not cheap, but if I’d bought them from Voon, they would’ve been $180 or more.”

4.4 Recycled fashion purchase – utilitarian motives

For some of the respondents economic factors did play a part in their shopping choices, although it usually seemed that it was more the thought of getting a bargain, than economic necessity as indicated in the previous section. Although none of the respondents admitted to having a budget in mind when shopping, there was a recognition that it was easy to be carried away and spend more than intended, or purchase more items than intended because of the perceived bargain prices.

“I realise that half the items [purchased] still have the original Mary Potter Hospice or Sallie shop price tag sitting on them. And if I occasionally count it up, I’m horrified at how much money I’ve spent. It’s just opportunistic. Oh, that skirt’s kind of cool, I’ve never worn it and I just give it back again.”

Other factors that were appreciated by the respondents included the large variety and turnover of stock, the proliferation of smaller 'boutique' style stores with different images/stock to suit different tastes and customers, and inviting window displays. The respondents were very aware of the retail strategies employed to appeal to different segments amongst the increased numbers of diverse customers and expectations of different types of shopping experiences.

“Stores have different images that appeal to different shoppers: So there’s different purposes. You would expect from somewhere that’s going to cost a bit more that it would be selective. So if you want to spend more money on something nice, I’ll go to one of those shops.”

The respondents also appreciated the wide variety of second hand garments on offer which enabled a choice to be made based on their preferences in style. In terms of deciding on the store for patronage the respondents indicated that they were happy to visit the same, favourite shops on a regular basis, and to spend time rummaging in the expectation of finding something different.

“Now I more or less go to selected places that have done a preselect, like Ziggurat, and I go to Recycle Boutique as well, maybe once every three or four weeks.”

Sustainability – does it influence recycled fashion purchase?

Most of the respondents had not been motivated to purchase recycled clothing due to a strong sustainable ethos, although they did appreciate the role played by second-hand retail in helping those who cannot afford new. There was also a clear awareness of changing societal
consumption patterns and the environmental impact of mass manufactured apparel production. A prevalent view was expressed that second-hand apparel shopping enabled customers to feel guilt free about making frequent purchases.

“I think there’s more place for op shops, particularly in times now, given that we’ve got a much stronger culture of people buying more frequently and using for a lot less time. So there’s a lot of waste from, you know, the majority of the population, that would just go into the trash.”

5.0 Discussion of findings and future research directions

The key themes that emerged are, motivation of consumers to purchase second hand apparel to assert an individual identity in respect to fashion differentiation, the role of hedonic shopping orientations and increasing acceptability of recycled fashion alongside mainstream apparel outlets. Environment sustainability did not appear to play a significant role.

The role of hedonic aspects such as fun and getting a bargain that seem to motivate respondents indicates that research using shopping orientation along with constructs such as ‘recreational shopper identity’ (Karande & Merchant, 2012) could provide appropriate frameworks for further studies. The importance of selecting vintage or other quality pieces to develop a unique appearance clearly points to the potential to explore recycled fashion as a platform for consumers to develop and assert ‘an individual identity’.

One of the limitations of this study is the small number of respondents and regional focus. It is proposed to extend this to one or more geographical area to check if the patterns are the same.

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Consumer Acceptance of a Mobile-Based Civic Engagement-Centric System for Dengue Prevention: Results from a Pilot Test in Sri Lanka

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Abstract
Dengue affects scores of people in Sri Lanka and the rest of the Asia-Pacific region. This paper reports preliminary findings from the pilot test of a novel Android-based dengue prevention system called Mo-Buzz. Developed in collaboration with Sri Lanka’s largest telecom company and the city municipal council, this system integrates three components: civic engagement, predictive surveillance and health education. The study was conducted among a sample of 80 potential consumers in Colombo, Sri Lanka. We evaluated potential user acceptance and obtained general feedback on the system adapting the Technology Acceptance Model and Expectation Confirmation Theory. While predictive surveillance and civic engagement modules were high on likability, perceived utility and future use, the construct scores for the health education module were low. Differences in perceived ease-of-use, usefulness and intention-to-use were observed by gender, age and income. Implications of consumer feedback on further design of the dengue prevention system are discussed.

Keywords: health; social media; consumer acceptance
Track: Consumer Behavior

1.0 Introduction
Dengue, an infectious disease caused by the *Aedes aegypti* mosquito, affects 2.5 billion people annually or nearly 40% of the world’s population (WHO, 2014). The Asia-Pacific region alone bears a staggering 70% of this disease burden. Sri Lanka, a developing country in this region, faces a particularly stark challenge as regards to its dengue situation. The severity of dengue burden in Sri Lanka is enormous with two epidemics in 2004 and 2009, and most recently in 2012 when more than 44,000 (or 220 per 100,000) dengue cases were reported (Tam et al., 2013). Dengue related mortality has continued to rise since 2009. Moreover, the systemic infrastructure for prevention and treatment of dengue continues to be inhibited by traditional means of conducting epidemiological surveillance, disease reporting and health education.

For instance, Public Health Inspectors (PHIs) in Colombo – the capital city of Sri Lanka and the epicenter of the dengue epidemic in the country – are reportedly overburdened with the task of covering 40,000 people each (Peiris, 2009). Mapping of dengue cases is carried out after the outbreak has occurred using traditional methods such as pin maps, while monitoring of breeding sites is conducted using manual, time-consuming methods. Communication strategies to create awareness about dengue among community members and persuade them to undertake personal protective measures are implemented using media channels such as pamphlets and brochures with limited capabilities in terms of interactivity and message tailoring.
Strained by a severe dengue burden and constrained by resources to address the problem, Sri Lanka however boasts an unprecedented rate of cellular service penetration and among the lowest rates of cellular services in the world (ITU, 2013). Bolstered by evidence about mobile phone innovations transforming public health in developing countries (Chunara et al., 2012; Freifeld et al., 2010), researchers at the Center of Social Media Innovations for Communities (COSMIC), developed a mobile-based social media-driven, mobile-based system for dengue prevention in Sri Lanka (Lwin et al., 2014). This system is currently being used by all public health inspectors in Sri Lanka and the research team intends to create a similar version for use by the general public. This paper reports preliminary results from a pilot study conducted among potential consumers of this system to obtain their feedback as a means to assess potential adoption. We commence by describing the system, called Mo-Buzz, and present the theoretical framework that guides our objective. We then detail the methodology and present our results. This paper culminates with a discussion of findings as they pertain to consumer acceptance of civic engagement-driven mobile-based dengue prevention initiatives.

2.0 Description of the System

Existing dengue prevention suffers from reactive surveillance strategies, non-dynamic monitoring of disease spread and lack of engaging health messaging. Our project team collaborated with a large-scale telecom company, the Colombo Municipal Council and the local university to design a system that addresses these gaps directly through an integrated socially mediated system called Mo-Buzz. Mo-Buzz is delivered on an Android platform and comprises three components:

a) The predictive surveillance component offers a color-coded early warning system that displays dengue hotspots by generating predictive maps made available to health authorities and the public on mobile devices. The predictive maps are back-ended by algorithms and computer simulations based on historic and current dengue data.

b) The civic engagement component uses crowd-sourcing technologies to monitor breeding sites and dengue incidence in real-time. The app allows users to report breeding sites and symptoms using simple geo-tagged forms and image capturing technology. These reports can be sent to health authorities with the click of a button.

c) The health communication component uses a blend of geographically-targeted alerts and a detailed educational module on dengue. In addition, users receive customized information on protecting themselves from breeding sites or treating symptoms based on the type of report sent.

Figure 1: Screenshots of Mo-Buzz
3.0 Theoretical Framework

Our objective was to conduct a theoretically-grounded pilot study focused on obtaining feedback from potential users of the proposed system. Because we wished to gain insights from both, the technological and the user perspectives, our inquiry was guided by the Technology Acceptance Model (TAM; Davis, 1989) and the Expectation Confirmation Theory (ECT; Oliver, 1980). From the user standpoint, the ECT postulates that satisfaction about a product or an information system is a function of a consumer’s expectations from the product, perceived performance of the product and disconfirmation of beliefs about the product. Although the ECT was originally conceived to measure post-adoption satisfaction, we adapt its use in a pre-adoption scenario because the theory offers a useful rubric to generate feedback about a system that the consumers might potentially use. Thus, we have considered consumer’s expectations about Mo-Buzz in terms of the consumer’s perceived utility of Mo-Buzz, perceived performance in terms of the extent to which they like the system (after using it for a week), and satisfaction in terms of whether they are likely to use Mo-Buzz in the future (after it would be launched). From the technology standpoint, the TAM postulates that perceived ease-of-use (PEOU) of an information system and its perceived usefulness (PU) determines the consumer’s intention to use the said system. Applying TAM to Mo-Buzz, we are specifically interested to examine PEOU and PU with regards to each of the three components of Mo-Buzz and further evaluate whether these patterns differ by demographic segments. Specifically, we wanted to find out if the three components adequately address different aspects of dengue that concern the general public (PU); and whether their technological skills allow them to efficiently use the three components so their purpose can be best served (PEOU).

4.0 Methodology

4.1 Participant profile (Table 1)

A total of 80 adults (73.8% male and 25.3% female; at least 21 years old) participated in this study. About three quarters of them were single and almost all were Sinhalese. Nearly 60% of the respondents received university education and the median monthly household income of the group was Rs 50,001-75,000. A detailed participant profile is available in Table 1.
Table 1: Demographic profiles of respondents (N = 80)

<table>
<thead>
<tr>
<th>Demographics</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>59</td>
<td>73.8%</td>
</tr>
<tr>
<td>Female</td>
<td>20</td>
<td>25.0%</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21 – 30</td>
<td>61</td>
<td>76.3%</td>
</tr>
<tr>
<td>31 – 40</td>
<td>9</td>
<td>11.3%</td>
</tr>
<tr>
<td>41 and above</td>
<td>9</td>
<td>11.3%</td>
</tr>
<tr>
<td>Marital status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>61</td>
<td>76.3%</td>
</tr>
<tr>
<td>Married</td>
<td>18</td>
<td>22.5%</td>
</tr>
<tr>
<td>Ethnicity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sinhalese</td>
<td>75</td>
<td>96.2%</td>
</tr>
<tr>
<td>Others</td>
<td>3</td>
<td>3.8%</td>
</tr>
<tr>
<td>Highest educational level</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secondary or equivalent</td>
<td>11</td>
<td>13.8%</td>
</tr>
<tr>
<td>Diploma or certificate</td>
<td>21</td>
<td>26.3%</td>
</tr>
<tr>
<td>University and above</td>
<td>47</td>
<td>58.8%</td>
</tr>
<tr>
<td>Monthly household income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rs 25,000 and below</td>
<td>20</td>
<td>25.0%</td>
</tr>
<tr>
<td>Rs 25,001 – 50,000</td>
<td>18</td>
<td>22.5%</td>
</tr>
<tr>
<td>Rs 50,001 – 75,000</td>
<td>15</td>
<td>18.8%</td>
</tr>
<tr>
<td>Rs 75,001 and above</td>
<td>11</td>
<td>13.8%</td>
</tr>
</tbody>
</table>

4.2 Instrument

Likability and perceived utility were captured using a 3-item 5-point semantic differential scale (extremely dislike to extremely like; extremely useless to extremely useful, respectively). PEOU, PU and intention-to-use were captured using respondent agreement on 3-item 5-point Likert scales adapted to fit the three components of Mo-Buzz. Likelihood of use was captured in a binary (Yes/No) manner. Demographic variables included gender, age, household income, marital status, ethnicity and education.

4.3 Procedures

All participants downloaded the Mo-Buzz mobile application on their smartphones a week before their feedback was to be obtained. Participants were requested to use different functions in the application at least once a day. On the seventh day, a research engineer demonstrated the uses and functions of each component of the dengue application before administering the pen-and-paper survey questionnaire among the participant group. Before responding to the questionnaire, participants were briefed about the purpose of this study and written consent was sought. They were informed that participation was voluntary and that they could skip any questions or terminate their participation at any point of time. The Institution Review Board of Nanyang Technological University had reviewed the questionnaire and granted the researchers the permission for data collection prior to the beginning of the study. Data were analyzed on SPSS 21.0 using simple means analysis, ANOVA and exploratory graphs.

5.0 Results
5.1 Analysis of ECT constructs (Table 2)

The civic engagement component received the highest likability ratings compared to both predictive surveillance \((M = 4.09, SD = .75)\) and health education \((M = 3.91, SD = .93)\). All three components had relatively high ratings for their utilities: predictive surveillance \((M = 4.25, SD = .65)\), civic engagement \((M = 4.26, SD = .75)\), health education \((M = 4.27, SD = .67)\). More than 91.3% and 87.5% of participants expressed interest in using the civic engagement and predictive surveillance components although only 76.3% reported that they would use the health education module after the application would be launched.

Table 2: Participants’ responses on likeability, utility and likelihood of use of Mo-Buzz \((N = 80)\)

<table>
<thead>
<tr>
<th></th>
<th>Likability</th>
<th>Utility</th>
<th>Probability of Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Predictive surveillance</td>
<td>4.09 (.75)</td>
<td>4.25 (.65)</td>
<td>87.5%</td>
</tr>
<tr>
<td>Civic engagement</td>
<td>4.16 (.77)</td>
<td>4.26 (.75)</td>
<td>91.3%</td>
</tr>
<tr>
<td>Health education</td>
<td>3.91 (.93)</td>
<td>4.27 (.67)</td>
<td>76.3%</td>
</tr>
<tr>
<td>General feedback</td>
<td>4.14 (.61)</td>
<td>4.35 (.59)</td>
<td>93.8%</td>
</tr>
</tbody>
</table>

5.2 Analysis of TAM’s constructs (Table 3)

Overall, the system was perceived to be easy-to-use \((M = 4.30, SD = 0.62)\) and useful \((M = 3.97, SD = .53)\) with a high intention to use \((M = 3.97, SD = .63)\).

**TAM by Gender:** PEOU among female participants \((M = 4.30, SD = .65)\) did not differ from male \((M = 4.30, SD = .62)\) participants. Female participants \((M = 4.08, SD = .64)\) perceived Mo-Buzz as more useful than their male counterparts \((M = 3.91, SD = .47)\). Intention-to-use Mo-Buzz was equally high among both female \((M = 3.95, SD = .74)\) and male \((M = 3.97, SD = .60)\) groups.

**TAM by Age:** Our analysis by age revealed that PEOU \((M = 4.44, SD = .29)\) and intention to use the mobile application \((M = 4.22, SD = .29)\) and intention-to-use was highest among participants in the 31-40 age group as compared to the other groups. In contrast, participants in the oldest age group (41 and above) perceived Mo-Buzz as least easy to use \((M = 4.22, SD = .91)\), least useful and were least likely to use it \((M = 3.74, SD = 1.10)\).

**TAM by Income:** Means for PEOU, PU and intention to use Mo-Buzz had consistently upward trends from lower income group to higher income group, nevertheless these trend diminished in the highest income group (Rs 75,001 and above). Consistently, all ratings for perceived ease-of-use, perceived usefulness, and intention to use dengue application had upward trends from lower income group to higher income group, nevertheless these trend diminished in the highest income group (Rs 75,001 and above).

Table 3: Technology acceptance model’s constructs \((N = 80)\)

<table>
<thead>
<tr>
<th>Demographics</th>
<th>Perceived Ease-of-Use</th>
<th>Perceived Usefulness</th>
<th>Intention to Use Mo-Buzz</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Mean (SD)</td>
<td>4.30 (.62)</td>
<td>3.97 (.53)</td>
<td>3.97 (.63)</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>4.30 (.62)</td>
<td>3.91 (.47)</td>
<td>3.97 (.60)</td>
</tr>
<tr>
<td>Female</td>
<td>4.30 (.65)</td>
<td>4.08 (.64)</td>
<td>3.95 (.74)</td>
</tr>
</tbody>
</table>
6.0 Discussion

Pivoted on a trans-disciplinary, trans-sector collaboration, our pilot study examined the potential acceptance of a public system among its potential consumers. Overall, the general feedback to the system was positive, with greater than average (3.00) or high scores for most parameters across groups. Other specific findings from this study help us to further refine the system, and identify consumer segments for targeting promotional communications about the system prior to its launch.

For instance, we found that while the predictive surveillance and civic engagement components received positive feedback, the health education component received low scores in terms of likability and probability of use. The fact that its potential utility was rated as high denotes that participants recognized the value of an educational module that enhanced their awareness of dengue. We suggest that the low likability might have stemmed from the static messaging components which were possibly less attractive. We have since used this finding to redesign our educational module with more graphical elements and an animation video about dengue that creates awareness using an entertainment-education (EE) strategy popularly used in other health areas. The demographic analysis of TAM constructs was revealing. The gender-based analysis especially suggested the need for persuasive communications about the usefulness of the system to male consumers in Colombo, in order to ensure increased use. The findings also suggested a need to conduct community sessions or workshops targeted specifically at older adults (40 years of age and above), where we could create awareness about the utility of the system and train them in using the system. In terms of income, our experience suggests that low PEOU, PU and IU among the lowest income group could be a function of their lack of familiarity with smartphones and perceived lack of affordability. Because the fertile Sri Lankan telecom market is slated to offer low-cost smartphones in the future, we anticipate that this pattern might shift in the medium-to-long term. Low intention-to-use among the highest income group could potentially be caused by a generic lack of susceptibility to dengue (as reported in another paper by the authors, currently under review). We plan to address this issue through targeted health education sessions on the pervasive nature of dengue risk irrespective of real estate location or manicured surroundings. In conclusion, we found a strong acceptance of our participatory system among consumers in Colombo and identified potential gaps in adoption among specific consumer segments. In addition, our collaboration with telecom industry partners will ensure that the nuance provided by local market intelligence will bolster the performance and acceptance of our system when launched among the general public.

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References


Memorable Tourism Experience and Experiencing; A Critical Review

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Abstract
Recently, the terms experience and memorable experience have been extensively used in the tourism literature. Despite recent studies, it still needs further exploration, in terms of essence, methodology, classifications, managerial issues and behavioural aspects. Several scholars have recently tried to explore the essence of memorable experience, but findings have not been comprehensively able to explore the process of experiencing. This research is seeking to strengthen the basis for the process of memorable tourism experience and experiencing research, using literature from other fields of neuropsychology and psychology. It gives further insight and makes it possible for managers to begin to predict how customers with different backgrounds, psychological states, moods, goals, expectations and social status would probability experience it, as well as which parts of the experience would be more memorable and which parts would be forgotten sooner.

Keywords: Memorable Tourism Experience, Tourism Experience, Arousal-Biased Competition Theory
Track: Consumer Behaviour

1. Introduction
The importance of memories and their memorability on future behaviour is now well recognised. Since several studies show that more than 60 percent of customers, who switch to another brand, identified themselves as satisfied, scholars conclude that satisfaction and quality alone are no longer adequate descriptions of the experience (Kim, Ritchie, & McCormick, 2012), so that, many scholars have stressed the importance of delivering memorable experiences. Literature review shows that nowadays novelty seeking drives tourists’ travels decision-making (Tung & Ritchie, 2011). Furthermore, Aho, (2011) asserts that people are different in their ability and resources to obtain and enjoy experiences (Aho, 2001). Limitations in resources and sense of novelty seeking mean the tourism industry is facing consumers who are looking for new experiences and at the same time they are limited in their resources.

Researchers state that remembered experience is often different from the original experience, and tourists subjectively reconstruct their memories (Elands & Lengkeek, 2012). Aho, (2001) mentions that formation of experiences has a time dimension, so immediate on-the-spot evaluations of destinations are not always reliable in the long term (Aho, 2001). Several authors show that remembered experience may be superior to the original experience for predicting tourism future decision-making (Larsen, 2007). The literature review reveals most of the research is based on what tourists recall after several years. Almost, all the research conducted on the tourism memorable experience such as: Kim, (2010); Tung et al. (2011), and Kim et al., (2012) look at the experiences after several years trying to understand which one has been the most memorable. There are other articles which have been seeking to find out about on-the-spot experiences, such as: Unger and Kernan (1983), Arnould and Price (1993), Lee et al. (1994), Otto and Ritchie (1996), Aho (2001), and etc. But there is a time variable in memorable experience research and memory is constantly changing over time.
Most of the research conducted on memorable tourism experience fails to provide a comprehensive model, from a broader view, to explain what really happens to different representations before, during and after the experience.

Many researchers such as Csikszentmihalyi and Row, (1990), Cary, (2004) and several others discuss moments which they call flow, serendipitous and peak moments. However, they are inherently different. On the other hand, Elands et al. (2012), for example, argue that the tourist experience is not merely a momentary feeling of what happened, rather it reflects a previous experiences and anticipations, and is related to continuous mental concepts (Elands & Lengkeek, 2012). Chhetri et al. (2004), also discuss about the experience of nature-based tourist destinations as a process: “experiencing features or objects in landscapes is a cognitive construct, which is not merely seeing a landscape, but involves the processes of knowing, believing and recognising. Experiencing landscape is a process of perceiving landscape as a whole entity” (Chhetri, Arrowsmith, & Jackson, 2004) (Page, 33). The question thereafter is what should be the objective of tourism managers in terms of spending resources to provide a memorable experience? Should they spend all resources in order to provide an amazing moment, or looking at it as a process? There are also other researchers who show that people remember some parts of the experiences, such as: beginning, peak moments and ending more vividly than the other parts of the experience (Zeithaml, Bitner, & Gremle, 2008).

This paper looks at the tourist memorable experience to identify affective and cognitive processes of memorable experience and experiencing, from a broader view, giving further insight into memorable experiences and how to manage them, using findings from other fields of neuropsychology and psychology. This study applies the theory of arousal-biased competition as a basis to explain the process of memorable experiences.

2. Literature Review
In this section, the paper looks at the literature of tourism experience and memorable tourism experiences. Different researchers have looked at the tourism experience from different points of view: Walls et al. (2011) discuss the multidimensionality of the tourism experience (Walls, Okumus, Wang, & Kwun, 2011). From another view, Gnoth and Matteucci, (2014) explain the role of perception, and emotions in experiences: “the total experience is often not what the individual actually experiences, that is, what he/she perceives as the experiencing takes place because the focal activities of every-day-life are taking place, influencing mood, energy levels and sense of happiness. Perception is selecting, organising and interpreting the stimuli perceived in the environment; yet the mode determines how these steps take place, and how mood and emotional orientations drive decision-strategies and experiencing” (Gnoth & Matteucci, 2014) (Page, 17).

Memorable Tourism Experience
Researchers have proposed different aspects and characteristics of the tourism experience. Holbrook et al. (1982) by introducing the “experiential view,” stressed the importance of symbols, hedonism, fantasy, feelings and the aesthetic nature of consumption (Holbrook & Hirschman, 1982). Unger and Kernan, (1983) identify dimensions of the subjective leisure experience: intrinsic satisfaction, perceived freedom, and involvement which are considered as invariant across situational contexts. And arousal, mastery, and spontaneity which are more activity-specific leisure dimensions (Unger & Kernan, 1983). Arnold and Price, (1993) determine three key dimensions of an extraordinary experience: (1) communication with nature, (2) communication with friends, family and even strangers, and (3) personal growth and renewal of self (Arnould & Price, 1993). Lee et al. (1994) were the first to add negative
aspects to tourism literature: social bonding, communication with nature, physical stimulation, intellectual cultivation, creative expression, introspection, relaxation, fun, enjoyment, and negative aspects of exhaustion, apprehension and nervousness (Lee, Dattilo, & Howard, 1994). To compare specific dimensions of experience to service quality, Otto and Ritchie, (1996) proposed several aspects of tourism experience: hedonic, interactive or social, novelty seeking or escape, comfort, safety, stimulating or challenge seeking (Otto & Ritchie, 1996). Based on Aho, (2001) there are four main elements of tourism experience: emotional, learning, practical and transformational (Aho, 2001). Affective, novelty, communication and personal growth are amongst the most cited aspects of experiences.

In recent years many scholars have determined aspects of memorable experiences stressing affective memories. In many studies affective aspects are an important part of memory, but what is obvious in all of them is the lack of a basic theory to relate all different aspects together or explain the process of it coming together. For example, Tung and Ritchie, (2011) explore the essence of the memorable tourism experience based on research from the field of psychology. They proposed four major dimensions of memorable tourism experience, of which two are related to on-the-spot experience: affect and consequentiality, one relates to pre-trip: expectations, and the last one to post-trip: recollections (Tung & Ritchie, 2011). In another study, Kim et al., (2012) in the final model of memorable tourism experience propose hedonism, meaningfulness, novelty, knowledge, involvement, local culture, and refreshing as aspects of memorable tourism experience (Kim et al., 2012), without giving any explanation for the process of experiencing and how these aspects are related together. Thus, the question is asked: How do they trigger the perception, memory and the process of experiencing?

As tourism experience literature shows none of the research is able to comprehensively predict and explain how in the same situations, people experience differently, and how some parts are memorable and some parts are not. After looking at different findings in tourism experience literature and factors involved, especially the role of the affective aspect, researchers need to consider findings from other fields to understand how these aspects are related together and shape a memorable experience.

There is a debate over the factors which influence memory during encoding and retrieval. Among these are intensity, valence and age of memory. While intensity is a more consistent predictor of autobiographical memory properties, Talarico et al. (2004) conclude that there is no consistent evidence for valence and age of memory (Talarico, LaBar, & Rubin, 2004). Furthermore, Zajonc, (1980) explains that: “affect and cognition are under the control of separate and partially independent systems that can influence each other in a variety of ways, and that both constitute independent sources of effects in information processing (Page, 151).” He further asserts that affective reactions especially for lower organisms are often the very first reactions, which can occur without extensive perceptual and cognitive encoding; faster and with greater confidence than cognitive judgments (Zajonc, 1980). Mather and Sutherland, (2011) discuss that a wide range of cognitive and emotional challenges increase autonomic arousal and arousal also leads to a global increase in activation in sensory regions and attention (Mather & Sutherland, 2011).

This research applies the arousal-biased competition theory to explain the process of memorable experiences. Mather and Sutherland (2011) in their arousal-biased competition theory explain that arousal during an experience enhances perception and long-term memory for high-priority information and impairs perception and memory for low-priority information, even when high priority stimuli are not themselves arousal inducing. This means separating
the source of emotion and the focus of attention. They also conclude that arousal enhances memory binding (associations) of two separate items in memory as well for high priority information (Mather & Sutherland, 2011).

3. Research questions
In the tourism experience literature there are a variety of aspects proposed that turn an experience into memorable experience. This research aims to find a unified solid basis for what represents clearly memorable tourism experiences and how affective and cognitive factors influence the process of creating memorable experience, highlighting the impact of time and the process of experiencing. It borrows theories from other fields of neuropsychology and psychology. This research also seeks answers to several questions: How does the process of experiencing relate to the tourists’ surrounds? Why tourists forget some parts and why they remember the other parts more vividly? Which parts for different tourists are more memorable and which parts would be forgotten sooner? How are different aspects of memorable experience identified in tourism experience literature related?

4. Discussion
Memory scholars divide memory into two stages of short-term and long-term memory. Encoding in long-term memory consists of several stages. During the consolidation process a memory trace is stabilized after its initial acquisition. There are three sub-processes: (1) synaptic consolidation, which occurs within the first few hours and will last for at least 24 hours (Dudai, 2004); (2) systems consolidation, during which hippocampus-dependent memories become independent of the hippocampus over weeks to years (Roediger, Dudai, & Fitzpatrick, 2007); and (3) reconsolidation, in which previously-consolidated memories can be made labile again through reactivation of the memory trace (Tronson & Taylor, 2007). In this article, from a memory point of view, memorable experiences are defined as those episodic or autobiographical memories which have gone through the consolidation process to at least the second process: systems consolidation level.

Based on Mather et al. (2011)’s model of arousal-biased competition theory, described previously, arousal enhances both perception and long-term memory for the aspect that gains highest priority. Fecteau and Munoz, (2006) propose that the priority is determined by two different factors: (1) top-down route (expectations, goals, knowledge, etc.); and (2) bottom-up perceptual salience route (motion, luminance, orientation, colour, etc.) (Fecteau & Munoz, 2006). The top-down route is determined by factors such as goals, knowledge and expectations. The bottom-up route is based on perceptual contrast, in which target object pops out when it differs from the context, no matter that difference is in motion, luminance, orientation or colour (Nothdurft, 2000). We need to note that attention is object oriented. However top-down and bottom-up routes are acting as independent processes, but there are other determinants of priority that can be identified by interactions between these two: surprise, emotional relevance and social relevance (Mather & Sutherland, 2011). For example, novelty and surprise are amongst the most cited factors in tourism experience literature. Itti and Baldi (2009) state that novel stimuli are prioritized because of a mismatch between perception and prior knowledge (Itti & Baldi, 2009). According to this theory, for different tourists, if each aspects of top-down route (goals, knowledge, expectation), bottom-up perceptual salience (motion, luminance, orientation, colour, etc.), and factors derived from their interactions (surprise, emotional relevance and social relevance, etc.) can gain the highest priority; will be enhanced during both perception (on-the-spot) and long-term memory (post-visit). In contrast, each aspect that fails to gain priority will be impaired during perception and long-term memory.
As discussed in the literature review section, factors which have been identified and focused on in tourism memorable experience literature, quoted in Kim et, al. (2012) are: *involvement, hedonism, happiness, pleasure, relaxation, stimulation, refreshment, social interaction, spontaneity, meaningfulness, knowledge, challenge, sense of separation, timelessness, adventure, personal relevance, novelty, escaping pressure, and intellectual cultivation*. A comparison between these factors identified in tourism literature and the theory explained in previous paragraph reveals that not only does the arousal-biased theory explain the factors identified in the tourism literature, but it also explains the process of how and why they are enhanced in some situations or impaired in other situations, both in perception and long-term memory, where the tourism literature fails to provide further connections and explanations. This theory provides us with the opportunity to more fully understand the process of memorable experiences. Managers are also able to manage to deliver memorable experiences for different tourists. A schematic view of this model is shown in Figure 1.

Every tourist has its own expectations, goals and knowledge prior to a trip. Expectations are usually shaped by the branding, promises and guides of a place or experience. Different goals, such as well-being, exploration and recreation may drive the tourist to start the trip. Knowledge is also the basic knowledge of a tourist. These which are called top-down route aspects vary among different tourists. On the other hand, during a trip, there are perceptual salience route aspects. This is related to what tourists visit during a trip, like; motions, luminance, orientations, colours, scenery, etc. During a trip, bottom-up perceptual saliences of motion, luminance, orientation and colour, presented in one or several different modalities can gain tourist’s attention. Based on these pre-trip (top-down route), during trip (bottom-up route), and interactions between them during the trip (surprise, emotional relevance, and social relevance, etc.), different aspects will be prioritized in the mind of the tourist. The aspect that can gain highest priority would also gain both highest perception (during trip) and highest memorability (during post-trip). Moreover, the aspects that fail to gain priority would be impaired during perception and long-term memory.

It is of high importance to note that many of these results come from laboratory tests, which might be different from the real world. We are at the start of our research to further explore the process of memorable experiencing and experience, but this theory, based on several published studies, is very useful in explaining and clarifying the process of memorable experiences. Space limitation constrains us to further discuss different situations and applicability of this research. Other research doesn’t really explain how and in what situations each of these factors alone or together will lead to memorability. This dynamic model provides an explanation for the process of experiencing and how different aspects are prioritized. Here, there are several questions: (1) what is the effect of time on memorable experiences other than forgetting? (2) What keeps memories alive? (3) How get memories transformed? (4) How different aspects of memorable experiences are related together? And (5) what is the process of experiencing?
In recent years scholars have stressed on the high importance of offering memorable experiences. Thus, researchers have been seeking to explore the essence of memorable experiences. Most of the researches conducted in this area have looked at the experience just from one stage in the time; as many of them only have explored the memories which respondents have recalled after several years, and others have only explored on-the-spot experiences, but memory changes over the time. Literature review shows remembered experience is the best predictor of customers’ future behaviour. To summarize, all the research looks at memorable experience from a special stage, and none of them really takes a broader view to explore it more comprehensively as a process and how different aspects of memorable experiences are related together.

This research looks at the process of memorable tourism experience to provide further insight into its essence, using other fields of neuropsychology and psychology. Based on the findings, managers would be able to predict the memorability of the experience, in terms of how the customers with different backgrounds, psychological states, moods, goals, expectations and social status would experience it. It also gives a means to managers to predict which parts of the experience probability would be more memorable and which parts be forgotten after the consolidation process. What is of high importance is its prediction on both perception and long-term memory. It also connects different aspects of memorable experiences together.

6. REFERENCES


Unplanned Buying in Online Shopping Contexts: A Literature Review

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Abstract
Unplanned buying is a core topic of interest for contemporary research in psychology, consumer behaviour and marketing. The purpose of this paper is to review selective works that conceptualize unplanned buying and provide empirical evidence of consumers’ unplanned buying behaviour in an online context. Specifically, this selective review focuses on antecedents influencing unplanned purchasing on the Internet. Based on the literature, the antecedents have been categorized into three main categories: external stimuli, internal stimuli and situational factors. Following the review, areas of potential research are proposed to guide future studies. This paper is useful for both marketing practitioners and researchers interested in online unplanned buying.

Keywords: online unplanned buying, online impulse buying, online consumer behaviour, Internet shopping behaviour
Track: Consumer Behaviour

1.0 Introduction

The Internet makes it easier than ever for consumers to purchase products and services. Consumers can access various products and can shop at convenient times and places. Furthermore, they can easily search for and compare relevant information. Indeed, utilitarian advantages in terms of convenience, no pressure shopping, variety of choice, information availability and consistent service are important motivations that draw increasing numbers of consumers online (Childers, Carr, Peck, & Carson, 2001; Donthu & Garcia, 1999; Madhavaram & Laverie, 2004; Wolfinbarger & Gilly, 2001). Moreover, purchasing on the Internet provides hedonic shopping experiences; i.e., online consumers experience feelings of fun, excitement, and enjoyment when searching various deals or performing bargain hunting (Atici & Bati, 2010; Wolfinbarger & Gilly, 2001). Considering these utilitarian and hedonic benefits offered by Internet shopping, consumers are likely to purchase more. The online context also possibly leads them to engage in unplanned buying behaviour (Monsuwé, Dellaert, & Ruyter, 2004).

This paper reviewed contemporary literature in relation to unplanned purchases on the Internet. It used “online unplanned buying”, “online impulse buying”, “unplanned buying on the Internet” and “impulse buying on the Internet” as keywords to identify potential articles on Scopus and ProQuest. The focus was on works published from 2000 to 2014 to cover recent studies in the field. In total, forty research papers from over twenty journals such as the Journal of Consumer Behaviour, Journal of Retailing, and Information and Management were reviewed. Among all of these, eighteen articles and two conference papers directly investigated online consumers’ unplanned buying and impulse buying behaviour. The most prominent theme across these papers was antecedents of online unplanned behaviour, which therefore forms the basis of this review.

2.0 Definition of Unplanned Buying Behaviour
Generally, consumers’ buying behaviour can be categorized into two main types; planned purchases and unplanned purchases. The reviewed papers define unplanned purchases as purchases that were not anticipated before entering a purchasing situation (Chen & Teng, 2010). In accordance with the overall literature on this topic, they further define impulse buying as a type of unplanned purchase, with the difference being that impulse buying involves a powerful urge and feelings of pleasure and excitement as well as a lack of reflection/deliberation. Spontaneity and desire to immediately possess are other aspects mentioned in the definitions. In their efforts to describe the phenomena, the papers mostly rely on definitions put forward by Beatty and Ferrell (1998) and Rook (1987). Overall, the works mostly focused on impulse buying.

3.0 Factors Influencing Unplanned Buying on the Internet

The literature review identified a limited range of antecedents that can be classified into three categories: 1) external stimuli; 2) internal stimuli; and, 3) situational factors.

3.1 External stimuli

External stimuli refer to triggers associated with factors controlled by marketers in an attempt to arouse consumers to make a purchase (Dawson & Kim, 2009). According to the reviewed literature, there are five marketing stimuli exercised by online retailers that possibly induce unplanned online purchases.

*Marketing promotion:* A number of studies (Dawson & Kim, 2010; Gunness, Mcmanus, & Ogilvie, 2003; Madhavaram & Laverie, 2004; Park, Kim, Funches, & Foxx, 2011; Verhagen & Van Dolen, 2011) have shown that exposure to marketing stimuli, especially price promotions, encourage unplanned purchases on the Internet.

*Availability of products:* Being exposed to a variety of products provided on the Internet also contributes to unplanned purchases (Atici & Bati, 2010). Especially, online consumers are likely to engage in an unplanned purchases when the desired products are available on the Internet according to studies done by Gunness, Mcmanus and Ogilvie (2003) and Chen and Teng (2010). The researchers suggested that this linkage between unplanned buying and availability of desired offers is strengthened by unexpectedness.

*Category of products:* Researchers also found that types of products can contribute to unplanned online buying behaviour. Mainly, hedonic products are likely to indulge online consumers to make an unplanned purchase. For example, the research done by Phau and Lo (2004) suggested that fashion-related products are likely to be bought on impulse when consumers shop online. Bressolles, Durrieu and Giraud (2007) indicated that the availability of unique or tailor-made products can persuade online consumers to purchase unintentionally.

*Functional quality of websites:* Functional or utilitarian dimensions of websites refer to characteristics and functions which support consumers in completing tasks (Parboteeah, Valacich, & Wells, 2009). Accordingly, functional qualities of websites namely security and privacy (Bressolles et al., 2007) and recommendations (Dawson & Kim, 2010; Hostler, Yoon, Guo, Guimaraes & Forgionne, 2011) can influence consumers’ unplanned buying activities. The findings of these studies suggest that a positive relationship between unplanned buying behaviour and these utilitarian functions occurs through perceived effectiveness of web-
performance and satisfaction. Precisely, when encountering a transaction with minimum risk, online consumers tend to give in to their buying impulses. Finally, up-selling and cross-selling suggested by websites based on consumers’ interests can trigger unplanned choice.

**Recreational quality of websites:** Recreational dimensions of websites refer to environmental cues including web appearance (i.e. design, visual images, colour, text, audio and stream video) and communication styles (Parboteeah et al., 2009; Verhagen & Van Dolen, 2011) that create pleasurable shopping atmospheres for consumers. Research has shown that providing hedonic shopping environments with visual appeal and a friendly communication style maximizes online consumers’ affective reactions and enhances perceived usefulness and perceived quality of websites (Parboteeah et al., 2009; Verhagen & Van Dolen, 2011; Wells, Parboteeah, & Valacich, 2011). Recent research done by Moez (2013) indicated that pleasure induced by web-services significantly influences impulse buying behaviours of online consumers.

### 3.2 Internal stimuli

Internal factors focus on consumers’ internal cues such as emotional states, characteristics and demographics. According to the literature, there are four internal factors which contribute to unplanned buying in an online context.

**Emotions:** Emotions are significant factors leading consumers to make an unplanned purchase. The study done by Shen and Khalifa, (2012) indicated that pleasure is a strong antecedent of buying impulse on the Internet. These findings are consistent with the research conducted by Madhavaram and Laverie (2004) suggesting that positive feelings such as feeling happy, self-indulgent and good about oneself can trigger spontaneous purchases.

**Personal Characteristics:** Personal characteristics are important factors that contribute to online consumers’ likelihood to engage in unplanned buying. Research has found a positive relationship between consumers’ impulse buying tendency (IBT) and consumers’ unplanned buying behaviour on the Internet (Chih, Wu, & Li, 2012; Dawson & Kim, 2009; Kim & Eastin, 2011; Wells et al., 2011; Zhang, Prybutok, & Strutton, 2007). In addition, Wu and Sun (2011) investigated predictors of the IBT and found that the IBT is positively affected by the need for material resources, the need for arousal and internet addiction. Finally, Phau and Lo (2004) pointed out that fashion innovators are more likely impulse buyers than non-innovators because they are more excitable, contemporary, and indulgent.

**Gender:** Zhang et al. (2007) demonstrated that gender serves as a moderator that influences online consumers’ impulse buying behaviour with respect to their purchase intention, impulsivity, and frequency of purchases. More specifically, their findings suggested that male consumers are likely to purchase products on impulse than female consumers.

**Income:** Finally, level of income can impact online consumers’ unplanned. Specifically, research conducted by Jeffrey and Hodge (2007) found an inverse relationship between income and impulse buying. The researchers proposed that wealthy consumers may try to avoid impulse buying behaviour in order to achieve their financial status.

### 3.3 Situational factors

The literature identified only one significant situational antecedent of unplanned
buying on the Internet, namely time spent on the website. Jeffrey and Hodge (2007) found that there is a positive correlation between the amount of time people spent on websites and impulse buying behaviour. That is, when online consumers spend more time on the website, they are likely to purchase additional items which they do not intend to purchase because they are more likely to be exposed to marketing stimuli in comparison to those who spend less time on the website.

Table 1: Summary of Findings

<table>
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<tr>
<th>Author(s)</th>
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<th>External stimuli</th>
<th>Internal stimuli</th>
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4.0 Discussion and Conclusion

The reviewed literature has adopted definitions of unplanned buying and impulse buying from research in traditional retailing stores. Considering that the nature of online shopping is different from bricks and mortar shopping, the appropriateness of such uncritical adoption of existing definitions has to be questioned. For instance, the process of purchasing a product on websites requires consumers to place items in electronic shopping carts. Consumers can select and delete the items in their cart at any point in time before completing the transaction. They can save the selected items in the cart and complete the transaction later. Therefore, the distinction between a planned purchase and an unplanned purchase is unclear because the boundaries of the purchase situation are less tangible.

Furthermore, the review shows that prior research has mainly focused on stimuli and has not paid much attention to situational factors. Therefore, it is necessary to examine the impact of additional situational factors such as the influence of social shopping on online purchasers’ unplanned buying behaviour. Social aspects of shopping, such as shopping companions, have been found to have an association with unplanned buying behaviour in
traditional shopping contexts (e.g. Luo, 2005). More and more social cues are made available for consumers to observe on the Internet. For example, the Internet provides a dynamic environment for consumers to share shopping experiences and get responses from others (de Kervenoael, Aykac, & Palmer, 2009). Thus, it is necessary to investigate the contribution of social sharing activities on consumers’ unplanned buying behaviour.

Existing research has identified a link between positive emotions and unplanned buying behaviour in online shopping. Further investigation of the influences of hedonic consumption on consumers’ unplanned buying behaviour; especially the role of product type as well as consumers’ need for experiential shopping, would be beneficial. Giving that online consumers do not receive the purchased item immediately, it is also important to examine the emotional responses of consumers to this delay in gratification when making an impulse purchase in an online context in comparison to offline environments. Also, one should keep in mind that culture plays an important role in consumers’ decision making processes. Research in traditional retail stores has found that cultural factors such as individualism-collectivism (e.g. Lee & Kacen, 2008) and power distance beliefs (e.g. Zhang, Winterich, & Mittal, 2010) significantly influence consumers’ decision when making an impulse purchase. Thus, it would be interesting to explore the role of cultural factors when consumers engage in unplanned purchasing on the Internet, as it is not clear how much they rely on their cultural backgrounds in such contexts. Finally, prior research on online shopping has focused mainly on impulsive buying and neglected other types of unplanned buying behaviours. Therefore, it would be interesting for future researchers to conduct research on other unplanned buying behaviours such as a reminded unplanned purchase, which is a purchase that occurs when consumers see a product that reminds them of a previous desire (Stern, 1962).

Although this paper provides insights with regards to factors affecting unplanned buying in an online context, there are some limitations which have to be addressed. Firstly, this paper aimed to provide contemporary views of unplanned purchases on the Internet; thus, the articles reviewed in this paper are works published from 2000 to 2014. Early works on this topic were deliberately left out. Finally, this paper provides only core definitions of unplanned buying and impulse buying as they appeared in the reviewed sample of papers. The readers may need to read the classic works by pioneers in this field such as Iyer and Ahlawat (1987), Rook and colleagues (1987; 1993) and Piron (1991, 1993) to find more nuanced conceptualizations from which differences to online contexts should be explored.

Overall, the review shows that there is evidence to believe that unplanned shopping behaviour is prominent in online contexts. It is therefore surprising to see very little systematic research in this area. The framework of antecedents presented in this paper can function as a guide to future research efforts. With online shopping becoming more prominent around the globe, more complex and more social, it will be especially important to investigate what factors facilitate unplanned purchases. There is also urgency in defining what marketing practices are responsible in this context given that many online consumers are very young.

References


Understanding Chinese consumers’ housing purchase decisions: Results from Wuhan

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Abstract
This paper outlines a study of the housing attribute preferences and service quality impacts on housing purchase decisions and post-purchase satisfaction of home buyers in Wuhan, China. A pool of 43 items (33 attributes of housing products and 10 service quality attributes of housing providers) is generated from a review of the literature. A conceptual model showing the hypothesised relationships between housing attributes, housing providers’ (housing developers and marketers) service quality, demographics of house-buying consumers, consumer purchase decisions and post-purchase satisfaction levels is developed. Survey data from 478 respondents in Wuhan is analysed using factor analysis, logistic regression, MANOVA and multiple regression. Key findings and contributions are presented.

Keywords: Service quality, consumer decision making, housing, post-purchase satisfaction
Track: Services Marketing

1.0 Background
People around the world place a high degree of importance on home ownership which is perceived as important for the stability of family life and for wealth creation (Rahman, 2010). A house is considered the largest single asset owned by most households, and a house is a high-involvement product for residents (Jones & Watkins, 2009).

While residential real estate in Western countries has been mostly privately owned in recent history, under China’s socialist central-planning economic system, it was owned, managed, and controlled by the government until 1988. Reforms have been implemented over the last two decades, and the residential housing industry has evolved from a government controlled sector to a commercial one. The market-oriented housing reforms in 1998, continuous urbanisations and prolonged economic growth account for high market demand for residential houses and have caused housing prices to jump significantly across China in the past ten years. Hence, the urban housing market has become a lucrative, fast-growing segment of China’s economy in recent years (Fung, Jeng, & Liu, 2010; Wang, Yang, & Liu, 2011). The research focuses on the home buyers after the reform. To sustain a competitive advantage in the Chinese residential housing market, both new and existing housing builders and marketers need an in-depth understanding of home buyers’ choice criteria and their satisfaction levels regarding housing attributes and service quality.

This study focuses on home buyers (both home owners and potential buyers) in Wuhan in the Province of Hebei in the central region of China. A city with a population of approximately 9.8 million persons, Wuhan is one of the ten largest cities in China, ranked seventh among Chinese cities for total retail consumer spending, eighth in gross national product and ninth in Fixed Asset Investment (Wuhan Statistical Bureau and Wuhan Development and Planning Committee, 2011).

2.0 Conceptual foundations
Housing is a tangible good with accompanying services provided by residential housing suppliers. The evaluation of housing attributes has been conducted for numerous international metropolitan markets in both developed and developing countries, such as Canada (Spetic,
Kozac & Cohen, 2005), Chile (Greene & Ortuzar, 2002), China (Wang & Li, 2004 & 2006), Ghana (Tipple & Willis, 1991), Japan (Seko & Sumita, 2007), Northern Mexico (Fierro, Fullerton & Donjuan-Callejo 2009), Spain (Alonso, 2002), Sweden (Brownstone & Englund, 1991; Wilhelmsson, 2002) and the United States (Chay & Greenstone, 2005). A review of these studies shows that housing attributes and related purchase factors have a crucial influence on consumers’ housing purchase decisions, whereby the relative importance of consumers’ housing attributes varies across national contexts. In other words, social and cultural factors significantly influence consumers’ final house purchase decisions. The few extant studies of consumer decision making for residential property in China (Wang & Li 2004; 2006) focus on the market in some Chinese primary metropolises, such as Beijing, Guangzhou and Shanghai, where the volume of property transactions is very high and increases in housing prices greatest (China Real Estate Statistics Yearbook, 2011). A review of these studies showed that housing attribute preferences also vary across cities in China.

Based on Parasuraman, Zeithaml and Berry’s (1985; 1993) five dimensions of service-quality (reliability, responsiveness, assurance, empathy and tangibles), Forsythe (2008) and Saari and Tanskanen (2011) investigated consumer perceived service quality in housing construction. Torbica and Stroh (1999 & 2001), Nahmens and Ikuma (2009) also applied the five dimensions of service quality to studied residential home buyers’ perceptions of service quality across demographics and transaction characteristics in the U.S. An example of service-quality is the readiness to respond to homere buyer’s requests from the housing providers. Some researchers have investigated demographic influences on the China housing industry in Beijing (Wang & Li, 2004; Han, 2010), Shanghai (Wang, Yang & Liu, 2011) and Guangzhou (Wang & Li, 2006; Li & Yi, 2007), but there has been no research to date into residential consumers decision making and demographics in Wuhan.

In summary, this emerging housing purchase-related consumer behaviour literature covers many aspects of the decision-making processes of home buyers worldwide - the overall condition of the house, the surrounding environment and the level of after-sales service provided by suppliers. Research into both consumers’ housing attributes preferences and service quality perceptions is scarce. Further, our understanding of the purchase behaviour of Chinese home buyers with respect to residential housing selection and performance, particularly in second-tier cities, such as Wuhan, is limited.

To fully examine the factors influencing home buyers’ purchase decision process, the variables in this study cover both house attributes and service quality. The model developed in this research addresses this gap by capturing the attributes of residential housing and housing providers’ service quality that influence consumers’ purchase decisions and their post-purchase satisfaction. Additional question on post-purchase satisfaction has been included to buyers who have actually purchased the house. The conceptual model showing the hypothesised relationships between the five variables of interest is presented in Figure 1. 43 items (33 attributes of housing products and 10 service quality attributes of housing providers) were drawn from the literature and used to measure each of each of the five variables (see Table 1).

**Figure 1 The theoretical model**
3.0 Methodology
The survey method was chosen as the most appropriate method to obtain the quantitative data needed to test the hypotheses. A questionnaire was developed using the items shown in Table 1. Respondents rated the degree of their agreement with the statements regarding their residential house purchase factors on a seven-point Likert scale.

The population of interest in this research was all potential home buyers and house owners who live in Wuhan. To gain some advantage in house purchasing - to get more accurate residential housing information, preferential prices and more quality services when they purchase a house - many Wuhan residents are registered as members of one of 20 major residential housing companies in Wuhan (China Real Estate Statistics Yearbook, 2011). These companies had more than 27,000 members by the end of 2011. These member lists of both potential home buyers and house owners were available to the researcher and represented the sampling frame. Two thousand questionnaires were sent to residential housing company members, who were selected using stratified random sampling procedure based on location of residence. Instructions were provided in the questionnaires. The collected data were analysed using factor analysis, logistic regression, multivariate analysis of variance and multiple linear regression in SPSS.

Table 1. Summary of the variables and related literature in the hypotheses

<table>
<thead>
<tr>
<th>Variable</th>
<th>Related literature</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1) Intrinsic housing attributes</strong></td>
<td>Dale-Johnson &amp; Phillips (1984); Greene &amp; Ortu’zar (2002); Cupchik, Ritterfeld, &amp; Levin (2003); Wang &amp; Li (2004, 2006); Li &amp; Yi (2007); Bitter, Mulligan &amp; Dall’erba (2007); Opoku &amp; Abdul-Muhmin (2010);</td>
</tr>
<tr>
<td>1. Dwelling type</td>
<td></td>
</tr>
<tr>
<td>2. Area of structure of the house</td>
<td></td>
</tr>
<tr>
<td>3. Age of the house</td>
<td></td>
</tr>
<tr>
<td>4. Size of living room</td>
<td></td>
</tr>
<tr>
<td>5. Size of kitchen and dining room</td>
<td></td>
</tr>
<tr>
<td>6. Number and size of bedrooms</td>
<td></td>
</tr>
<tr>
<td>7. Number and size of bathrooms</td>
<td></td>
</tr>
<tr>
<td>8. Availability of storage room</td>
<td></td>
</tr>
<tr>
<td>9. Layout &amp; Decorate style</td>
<td></td>
</tr>
<tr>
<td>10. Architectural Materials</td>
<td></td>
</tr>
<tr>
<td>11. Housing price</td>
<td></td>
</tr>
<tr>
<td>12. Payment in terms</td>
<td></td>
</tr>
<tr>
<td><strong>2) Exterior design and space</strong></td>
<td>Pasha &amp; Butt (1996); Bhatti &amp; Church (2004); Greene &amp; Ortu’zar’s (2002)</td>
</tr>
<tr>
<td>13. The appearance of the house/building</td>
<td></td>
</tr>
<tr>
<td>14. Presence of garden and size of garden</td>
<td></td>
</tr>
<tr>
<td>15. External walls</td>
<td></td>
</tr>
<tr>
<td>16. Exterior spaces</td>
<td></td>
</tr>
<tr>
<td>Variable</td>
<td>Related literature</td>
</tr>
<tr>
<td>----------</td>
<td>--------------------</td>
</tr>
<tr>
<td><strong>3) Environment attributes</strong></td>
<td>Arimah (1992); Cheshire &amp; Sheppard (1995); Rojas &amp; Greene 1995; Pasha and Butt (1996); Fierro, Fullerton &amp; Donjuan-Callejo (2009); Opoku &amp; Abdul-Muhmin (2010)</td>
</tr>
<tr>
<td>17. Air quality of the living area</td>
<td></td>
</tr>
<tr>
<td>18. Surrounding noise</td>
<td></td>
</tr>
<tr>
<td>19. Width of road and passages</td>
<td></td>
</tr>
<tr>
<td>20. Greenery of adjacent street</td>
<td></td>
</tr>
<tr>
<td>21. Rain water drainage system</td>
<td></td>
</tr>
<tr>
<td>22. Street lighting</td>
<td></td>
</tr>
<tr>
<td>23. Presence of footpath</td>
<td></td>
</tr>
<tr>
<td><strong>4) Location attributes</strong></td>
<td>Pasha &amp; Butt 1996; Zabel &amp; Kiel (2000); Chay &amp; Greenstone (2005); Li &amp; Yi (2007); Pope (2008); Yusuf &amp; Resosudarmo (2009); Opoku &amp; Abdul-Muhmin (2010); Wang &amp; Li (2006)</td>
</tr>
<tr>
<td>24. Location close to schools and nurseries</td>
<td></td>
</tr>
<tr>
<td>25. Location close to health centre and hospital</td>
<td></td>
</tr>
<tr>
<td>26. Location close to shopping centre</td>
<td></td>
</tr>
<tr>
<td>27. Location close to food court</td>
<td></td>
</tr>
<tr>
<td>28. Location close to sports facilities, library, and social activities centres et al.</td>
<td></td>
</tr>
<tr>
<td>29. Location on a main street</td>
<td></td>
</tr>
<tr>
<td>30. Location on a downtown street</td>
<td></td>
</tr>
<tr>
<td>31. Location close to public transport</td>
<td></td>
</tr>
<tr>
<td>32. Location close to workplace</td>
<td></td>
</tr>
<tr>
<td>33. Location close to other community</td>
<td></td>
</tr>
<tr>
<td><strong>5) Service quality provide by the suppliers</strong></td>
<td>Parasuraman, Zeithaml &amp; Berry (1985); Forsythe (2008); Nahmens &amp; Ikuma (2009); Saari &amp; Tanskanen (2011)</td>
</tr>
<tr>
<td>34. Providing service as promised</td>
<td></td>
</tr>
<tr>
<td>35. Dependability in handing home buyers’ service problems</td>
<td></td>
</tr>
<tr>
<td>36. Readiness to respond to home buyers’ requests</td>
<td></td>
</tr>
<tr>
<td>37. Secure housing transaction is important to home buyers.</td>
<td></td>
</tr>
<tr>
<td>38. Employees who are consistently courteous</td>
<td></td>
</tr>
<tr>
<td>39. Employees having the home buyers’ best interests at heart</td>
<td></td>
</tr>
<tr>
<td>40. Employees who understand the needs of their home buyers</td>
<td></td>
</tr>
<tr>
<td>41. Convenience of service office hours influence home buyers to purchase</td>
<td></td>
</tr>
<tr>
<td>42. Employees who have a neat, professional appearance</td>
<td></td>
</tr>
<tr>
<td>43. Availability of after sales service</td>
<td></td>
</tr>
<tr>
<td><strong>6) Demographic</strong></td>
<td>Wang &amp; Li (2006); Opoku &amp; Abdul-Muhmin (2010); Li &amp; Yi (2007); Han (2010); Reed &amp; Mills (2007)</td>
</tr>
<tr>
<td>1. Gender</td>
<td></td>
</tr>
<tr>
<td>2. Age</td>
<td></td>
</tr>
<tr>
<td>3. Marital status</td>
<td></td>
</tr>
<tr>
<td>4. Educational background</td>
<td></td>
</tr>
</tbody>
</table>
5. Occupation
6. Family total disposable income per year
7. Number of children
8. Family size

4.0 Analysis and results
A total of 478 questionnaires were returned, yielding a response rate of 23.9%. The key sample characteristics were as follows. Gender: 51% male, 49% female; the two major age groups were 25 to 34 years old (44%) and 35-44 years (22%); Marital status: 75% were married; 25% single; Education: 54% had achieved a Bachelor degree; Occupation: most were employees of state-owned enterprise (32%), followed by public service unit employees (26%); the most common family income category was RMB 50,000-99,999 (A$9,000-18,000) per year (36%), followed by RMB 100,000-149,000 (A$18,000-27,000) per year (24%); most respondents had one child (63%), 32% were single; 70% had already purchased residential housing, the other 30% had not yet done so.

After the factor reduction, the research retained the factors for which eigenvalues were more than 1 and also retained the variables with communalities greater than .5. Of the 43 housing-related factors, PCA extracted 10 components with eigenvalues greater than 1.0. Together these 10 components explained 65.4% of the variance in the original set of housing-related factors. Thus 10 remaining new components covered the 33 housing and 10 service attributes within the five original factors. Next the study computed composite mean scores on the 10 factors and used these as input into examine relative importance of housing factors as well as socio-demographic differences in importance of various factors. Logistic regression was used to test for differences between the consumers in the two situations (had purchased a house or had not purchased a house) in relation to hypotheses 1 and 2. The results of testing Hypothesis 1 and 2 are shown in Table 2.

Table 2 The result of logistic regression analysis

<table>
<thead>
<tr>
<th>Variable</th>
<th>df</th>
<th>Parameter estimates</th>
<th>Coefficients</th>
<th>Wald</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>1</td>
<td>-16.45</td>
<td>15.71</td>
<td>0.0001</td>
<td></td>
</tr>
<tr>
<td>Service quality (X₁)</td>
<td>1</td>
<td>-0.17</td>
<td>0.25</td>
<td>0.62</td>
<td></td>
</tr>
<tr>
<td>Surrounding environmental attributes (X₂)</td>
<td>1</td>
<td>0.244</td>
<td>0.615</td>
<td>0.43</td>
<td></td>
</tr>
<tr>
<td>Location facilities and services (X₃)</td>
<td>1</td>
<td>1.43</td>
<td>22.21</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Private living space (X₄)</td>
<td>1</td>
<td>-0.17</td>
<td>0.54</td>
<td>0.46</td>
<td></td>
</tr>
<tr>
<td>Exterior design and space (X₅)</td>
<td>1</td>
<td>0.25</td>
<td>1.26</td>
<td>0.26</td>
<td></td>
</tr>
<tr>
<td>Neighbourhood amenities (X₆)</td>
<td>1</td>
<td>0.05</td>
<td>0.06</td>
<td>0.81</td>
<td></td>
</tr>
<tr>
<td>Aesthetics (X₇)</td>
<td>1</td>
<td>1.06</td>
<td>7.77</td>
<td>0.005</td>
<td></td>
</tr>
<tr>
<td>Essential housing attributes (X₈)</td>
<td>1</td>
<td>-0.01</td>
<td>0.001</td>
<td>0.97</td>
<td></td>
</tr>
<tr>
<td>Presence and availability of storage room (X₉)</td>
<td>1</td>
<td>-0.01</td>
<td>0.001</td>
<td>0.97</td>
<td></td>
</tr>
<tr>
<td>Financial considerations (X₁₀)</td>
<td>1</td>
<td>0.55</td>
<td>1.42</td>
<td>0.23</td>
<td></td>
</tr>
</tbody>
</table>

Results for Hypothesis 1:
Home buyers’ purchase decisions were found to be positively influenced by two housing attributes: location attributes and aesthetic attributes.
Results for Hypothesis 2:
The service quality provided by suppliers had no significant influence on home buyers’ purchase decisions. Therefore, Hypothesis 2 is rejected.

Results for Hypothesis 3:
Multiple Analysis of Variance (ANOVA) was used to analyse the full data set regarding Hypothesis 3 that demographic variables influence consumers’ evaluations of housing attributes and service quality. Support for Hypothesis 3 was mixed: Age: younger consumers were more influenced by the two factors of neighbourhood amenities and financial considerations than those of older consumers. Marital status: the purchase decisions of married consumers are more influenced by surrounding environment than those of single consumers. Educational background: the purchase decisions of consumers who have a higher educational qualifications are more influenced by both location attributes and aesthetics attributes than the purchase decisions of consumers who have lower qualifications. Occupation: the purchase choices of consumers who work in state-owned enterprises and the public service are more influenced by three attributes – surrounding environment, location of facilities and private living space than those of consumers who work in other places. Family status: the purchase decisions of consumers without children are more influenced by location attributes and financial considerations than the decisions of consumers with children. Gender and income did not have significant influences on such decisions.

Stepwise Multiple Regression was used to determine the relationship between post-purchase satisfaction and consumers’ evaluations of housing attributes (Hypothesis 4) and service quality (Hypothesis 5), in order to identify the most parsimonious set of predictors of post-purchase satisfaction using the set of ten independent variables. The results of Multiple Regression are shown in Table 3.

Table 3 Multiple regression model coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardised Coefficients</th>
<th>Standardised Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>Surrounding environment</td>
<td>-4.38</td>
<td>0.58</td>
<td></td>
<td>0.0001</td>
</tr>
<tr>
<td>Aesthetics</td>
<td>0.39</td>
<td>0.08</td>
<td>0.29</td>
<td>4.84</td>
</tr>
<tr>
<td>Services quality</td>
<td>0.53</td>
<td>0.09</td>
<td>0.30</td>
<td>5.63</td>
</tr>
<tr>
<td>Exterior design and space</td>
<td>0.35</td>
<td>0.08</td>
<td>0.24</td>
<td>4.35</td>
</tr>
</tbody>
</table>

Results for Hypotheses 4:
Mixed support was found for Hypothesis 4: Three housing attributes - aesthetics, surrounding environment, exterior design and space attributes - positively influenced home buyers’ post-purchase satisfaction. The coefficients of correlation or the relationships between these three attributes and post-purchase satisfaction were .53, .39 and .21 respectively. Other housing attributes did not have a significant influence on post-purchase satisfaction levels.

Results for Hypotheses 5:
The evaluations of service quality provided by suppliers had a significant influence on home buyers’ post-purchase satisfaction. The coefficient of correlation for the relationship between service quality provided by suppliers and post-purchase satisfaction level was .35. Therefore Hypothesis 5 is supported.

5.0 Contributions
The finding that housing location and aesthetics influence Wuhan home buyers’ purchase decisions (Hypothesis 1) supports findings in the literature about the importance of
perceptions of housing attributes when home buyers elsewhere make purchase decisions (Greene & Ortuzar, 2002; Opoku & Abdul-Muhmin, 2010; Wang & Li, 2006). However, other than previous literature, financial considerations do not have a significant influence, this may be for the following two reasons:

Firstly, the regional gaps of housing affordability in China. The very high ratio of housing price to household income in first-tier cities means a serious affordability problem exists in Chinese metropolises. But the ratio in Wuhan in 2011 was 9.90, which is below the ratio of 10.87 for China’s 35 main cites as a whole. This implies that residential housing affordability was not as serious an issue in Wuhan.

Secondly, although the Chinese residential housing industry experienced a contraction in 2007, 2008 and at the beginning of 2009, the industry revived after 2009 and residential house prices and the size of the total saleable housing area has continued to increase since then. In recent years the Chinese government has provided encouragement by establishing laws to protect home buyers’ benefits. In this situation, most householders in Wuhan believe the risks involved in purchasing housing for owner occupation are low and investing in housing is their best financial investment.

The absence of a significant relationship between service quality and home buyers’ purchase decisions in the Wuhan housing market (Hypothesis 2) contrasts with studies in other countries, which have shown that service quality is an important selection criterion for home buyers and better quality of housing services could satisfy home buyers (Forsythe, 2008; Nahmens & Ikuma 2009). This point to the unique nature of China’s housing market – a context which this residential housing study is the first to study quantitatively.

Home buyers’ judgments of housing attributes may be different in the purchase decision and post-purchase stages. In the purchase decision-making stage, home buyers may be more willing to pay for the attributes which can have the most impact on their perceived value of housing products as they tend to be value maximisers (Greene & Ortuzar, 2002). After home buyers make the payment, they perceive the extent to which their house was a “good buy”, evaluate the various housing attributes, and seek the ones which can most satisfy their needs and wants (Nahmens & Ikuma 2009). These different judgments mean that different attributes influence home buyers across the two stages. Home buyer post-purchase satisfaction is therefore the result of Wuhan housing companies providing good products or services which meet or exceed home buyers’ expectations. One housing attribute – aesthetics - was found to have a significant influence on both purchase decision and post-purchase satisfaction (Hypothesis 4). This finding suggests that aesthetic attributes deserve the most attention when housing suppliers implement their marketing strategies.

Although service quality provided by suppliers did not have a significant influence on home buyers in the purchase decisions stage (as per Hypothesis 3), it emerged as the most significant component in influencing the post-purchase satisfaction as per Hypothesis 5. This may be because most housing companies in Wuhan provide very similar regular services to home buyers (China Real Estate Statistics Yearbook, 2011). The similarity of the regular services provided by most suppliers may mean that home buyers do not believe they will get more benefits by paying more money for different housing suppliers to get higher level of service quality. As a result, home buyers were not willing to pay more for services in the purchase decision stage. However, housing services are closely related to householders’ daily lives (Torbica & Stroh, 2001). After they occupied the houses and conducted their daily lives in their houses, the importance of service quality increases. For example, if a householder needs the service of improvements to facilities which can make the house more suitable for existing use, then the service quality provided by suppliers (such as their dependability in handling home buyers’ problems, their readiness to respond to home buyers’ requests,)
convenience of service office hours) is highly involved in the process of solving the householder’s problem.

This study contributes to an improved understanding of home buyers’ decision making in China and more generally. The beneficiaries of this study include all participants in the housing industry – from potential home buyers and house owners to housing builders/marketers and government policy regulators, as well as academic institutions.

References


Do Escapism Experiences Contribute to Consumer Well-Being?

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Abstract
An emerging body literature indicates that consumption experiences provide a means for consumers to escape from their daily life and find relief from negative situations, events, or dispositions. However, this relief is transient and consumers return to their ‘real world’ when it terminates. This research shows that the benefits of escapism reach beyond these temporary hedonic outcomes documented in prior research. The data indicate that escapism experiences may also support consumers’ pursuit of meaningful goals, self-actualization, and positive relations with others. This effect is amplified for individuals whose psychological needs (relatedness, competence, and autonomy) are thwarted. This is an important first insight in a context in which especially young consumers increasingly engage in escapism experiences and appear to neglect real world activities that may contribute to their personal growth and development.

Keywords: Escapism, Well-Being, Psychological Needs
Track: Consumer Behavior

Acknowledgements: The author would like to thank Mourad Touzani for his help during data collection.

1.0 Background
With the rise of personal handheld electronic devices the concept of escapism has become of increasing interest to marketing scholars. Escapism can be conceptualized as a way of refocusing one’s attention as a means to create fantasies or constructed “unrealities” (Hirschman 1983). Consumption activities such as reading a favorite book, listening to one’s favorite music, or playing video games can be used as a means of escapism.

Little is known about how escapism experiences impact consumer well-being. Psychological well-being theory (Ryff & Keyes 1995) as well as self-determination theory (Ryan & Deci 2000) consider well-being as a originating from the pursuit of meaningful goals, self-actualization, and positive relations with others. Do escapism experiences contribute to the satisfaction of these three psychological needs?

Contrary to literature on escapism in psychology that deals with addiction and substance abuse, there may be little harm in the occasional escape from reality via these routes of consumption. Instead it may provide healthy relief for the mind. The “nightmare of repetition” and daily work stress found in everyday life, motivate escapism behaviors that bring about feelings of disassociation from reality. They can provide feelings of empowerment, affirmation, and support. However, escapism experiences may fall short in realizing well-being outcomes because they remain fantasies. Given the rise of escapism behavior (e.g., through personal handheld electronic devices) research is needed to address this important gap in the literature.

2.0 Conceptual Foundations
2.1 Escapism in consumption
Escapism has been defined loosely in the marketing literature. However, some unifying themes are emerging. First, escape motivation is often evoked to describe a set of avoidance behaviors. Mandel and Smeesters (2008), for example, discuss food as a means by which consumers avoid feelings of low self-esteem. By indulging in foods like chocolate and cookies, individuals escape from the stress of self-awareness by focusing on tangible sensations of eating. Likewise, Sherry and Kozinets (2001) discuss themed restaurants as a means by which consumers avoid a negative experience at work. In rich fantasy settings of restaurants such as ESPN Sports Zone, patrons are given the opportunity to escape from reality during their visits.

Regardless of the usage situation, the term escapism has come to represent a process of mentally “getting away” through the consumption of products or services. Interestingly, in most instances individuals engage in escape behaviors to avoid the experience of a negative situation, event, or disposition. In a broader sense, this can be viewed as a temporary relief from ill-being.

2.2 Escapism and well-being

Although evidence for the role of escapism as a temporary relief is emerging, its impact on well-being is less clear cut. Considering consumer well-being in light of psychological well-being theory (Ryff & Keyes 1995) as well as self-determination theory (Ryan & Deci 2000), well-being originates from the pursuit of meaningful goals, self-actualization, and positive relations with others. This perspective considers consumer well-being as eudemonic. Consumption experiences create well-being if consumers attain a sense of social approval, self-esteem, and self-consistency. Do escapism experiences contribute to this form of well-being?

In contrast to products and services that contribute to well-being because they solve consumer problems, escapism experiences are transient. This temporary escape experience comes about through mental absorption during which an individual’s attention is focused on the escape activity (e.g., Kozinets 2007) – a preoccupation of one’s thoughts and awareness.

For example, activities such as playing video games allow consumers to represent themselves through game characters. In virtual environments such as second life, users frequently create virtual representations of themselves that are younger and more attractive. Individuals struggling with a perceived self-discrepancy can immediately attain their ideal selves through escapism.

Active participation in a virtual reality provides a sense of empowerment for individuals experiencing failure in reality. It can boost self-esteem by allowing an individual to achieve success in tasks that would be difficult or impossible to achieve in reality. Here, escapism may contribute to well-being through temporary empowerment and affirmation.

Finally, virtual realities allow users to build relationships with other, like-minded participants. Here, meeting challenges of gaming environments together (e.g., multi-player games), or contributing one’s expertise to discussion boards gives not only a sense of competence, but may also generate positive feedback. These virtual relationships may replace relationships in the consumers’ lives and give positive feedback that is lacking in reality.

\[ H_1: \text{The more a consumption experience is characterized by escapism the more positive its influence on (a) social approval, (b) self-esteem, and (c) self-consistency.} \]
The positive influence of escapism experiences on consumer well-being may be amplified for those consumers whose needs for relatedness, competence, and autonomy are thwarted in real life. Here, individuals who struggle to meet their psychological needs in daily life may find relief in escapism experiences more so than consumers whose needs are met.

For example, individuals who experience a frustrating work-life may not be able to correct these circumstances in order to feel competent and improve their sense of self-esteem. Here, escapism experiences may generate positive feedback and provide a sense of accomplishment that boosts self-esteem – more than for individuals who feel competent in reality.

Similarly, consumers who struggle to create or maintain a consistent sense of self may turn to escapism experiences to feel self-consistent. These escapism experiences may not only be faster and easier to achieve than self-consistency in real life. Consumers may even experiment with virtual self-images in order to strive for their true self more effectively than in reality.

\( H_2: \) The psychological needs of (a) relatedness, (b) competence, and (c) autonomy amplify the positive influence of escapism on (a) social approval, (b) self-esteem, and (c) self-consistency.

These relationships are cast into the following research model (see Figure 1).

Figure 1: Research model

3.0 Methodology
3.1. Data collection and sample characteristics

To test our research model (Figure 1), an intercept survey in the city center of a midsize town was conducted. This resulted in a convenience sample of 672 responses. The survey asked respondents to report on their most recent use of a personal handheld electronic device. Respondents reported on their use of a cell phone (80%), mp3 player (8%), tablet (9%), or gaming device (3%). Most respondents had used their device within the same day of the survey (87%), and use their device at least once or twice per day.
3.2 Measures

Based on construct definitions we reviewed the literature for existing scales (and developed new scale items where appropriate. The resulting survey instrument consisted of 22 items measuring three facets of psychological needs (relatedness, competence, and autonomy), escapism experience, and three facets of well-being (social approval, self-esteem, and self-consistency). A detailed list of scale items, original sources, reliability and discriminant validity coefficients are presented in the Appendix and Table 1.

3.2. Descriptive statistics

The measurement model consisted of 22 measurement items and seven factors (Anderson & Gerbing, 1988). It fit the data well ($\chi^2_{188} = 888.1$, $p = .00$; GFI = .89, NFI = .81, TLI = .81, CFI = .84, RMSEA = .074, $p_{(close)} = .00$). All items loaded significantly on their respective constructs providing good support for the convergent validity of the measurement items. The composite reliability coefficients all exceed the usual 0.60 standard (Bagozzi & Yi, 1988). All AVEs exceed the squared correlation between any pair of study constructs, an indicator of discriminant validity (Fornell & Larcker, 1981). See Table 1 for correlations, and indicators of construct reliability and discriminant validity.

Table 1: Correlation Matrix, Convergent and Discriminant Validity

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</tr>
</thead>
<tbody>
<tr>
<td>1. Escapism</td>
<td>.10</td>
<td>.06</td>
<td>.09</td>
<td>.02</td>
<td>.01</td>
<td>.01</td>
<td>2.58</td>
<td>.98</td>
<td>.44</td>
<td>.81</td>
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</tr>
<tr>
<td>2. Social approval</td>
<td>.32</td>
<td>.10</td>
<td>.18</td>
<td>.00</td>
<td>.00</td>
<td>.03</td>
<td>2.46</td>
<td>.95</td>
<td>.45</td>
<td>.71</td>
<td></td>
</tr>
<tr>
<td>3. Self-esteem</td>
<td>.25</td>
<td>.32</td>
<td>.18</td>
<td>.02</td>
<td>.05</td>
<td>.02</td>
<td>3.02</td>
<td>.92</td>
<td>.50</td>
<td>.75</td>
<td></td>
</tr>
<tr>
<td>4. Self-consistency</td>
<td>.31</td>
<td>.43</td>
<td>.42</td>
<td>.01</td>
<td>.00</td>
<td>.01</td>
<td>3.03</td>
<td>.95</td>
<td>.36</td>
<td>.61</td>
<td></td>
</tr>
<tr>
<td>5. Relatedness</td>
<td>-.15</td>
<td>-.01</td>
<td>.14</td>
<td>.09</td>
<td>.03</td>
<td>.05</td>
<td>3.43</td>
<td>.64</td>
<td>.46</td>
<td>.70</td>
<td></td>
</tr>
<tr>
<td>6. Competence</td>
<td>-.08</td>
<td>.00</td>
<td>.23</td>
<td>.02</td>
<td>.19</td>
<td>.05</td>
<td>3.25</td>
<td>.48</td>
<td>.53</td>
<td>.77</td>
<td></td>
</tr>
<tr>
<td>7. Autonomy</td>
<td>-.09</td>
<td>-.18</td>
<td>.13</td>
<td>.07</td>
<td>.23</td>
<td>.23</td>
<td>3.51</td>
<td>.73</td>
<td>.41</td>
<td>.68</td>
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</tr>
</tbody>
</table>

NOTE: Numbers below the diagonal represent correlation coefficients; Numbers above the diagonal represent squared correlations; bold (italicized) correlation coefficients are significant at $p < .01$ ($p < .05$).

4.0 Analysis and Results

Amos was used to simultaneously estimate the hypothesized relationships in the research model. Table 2 reports the parameter estimates for the structural model and fit indices. The results show that the data support hypothesis one. Escapism experience has a positive influence on social approval ($\beta = .44$, $t = 9.24$), self-esteem ($\beta = .15$, $t = 3.51$), and self-consistency ($\beta = .36$, $t = 7.08$). Further, the data provide partial support for hypothesis two. The psychological needs of competence and autonomy moderate the relationship between escapism experience, self-esteem ($\beta = -.08$, $t = -2.50$), and self-consistency ($\beta = -.08$, $t = -2.01$) respectively. The hypothesized moderating effect of relatedness does not find support.

Table 2: Structural Model Estimates

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Social Approval</th>
<th>Self-Esteem</th>
<th>Self-Consistency</th>
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</thead>
<tbody>
<tr>
<td>(H1) Main Effects</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Escapism Experience</td>
<td>.44 (9.24)</td>
<td>.15 (3.51)</td>
<td>.36 (7.08)</td>
</tr>
<tr>
<td>Relatedness</td>
<td>.13 (7.08)</td>
<td>.27 (5.81)</td>
<td></td>
</tr>
</tbody>
</table>
Autonomy

(H2) Interaction Effects

Escapism Experience

X Relatedness .06 (1.49)
X Competence -.08 (-2.50)
X Autonomy -.08 (-2.01)

NOTE: Goodness-of-fit indices: $\chi^2_{(252)} = 1118.8$, p < .00; GFI = .88, CFI = .82; NFI = .78; RMSEA = .072, $p_{(Close)} = .00$; bold path coefficients are significant at p < .01.

5.0 Discussion and Conclusions

Current research shows that consumption experiences provide a way for consumers to escape from their daily life and find relief from negative situations, events, or dispositions. However, this relief is transient and consumers return to their ‘real world’ when it terminates. This research shows that despite the temporary nature of escape experiences they can make a positive difference in consumers’ lives by supporting the pursuit of meaningful goals, self-actualization, and positive relations with others.

The data further show that particularly those consumers who report a low level of self-esteem or self-consistency appear to benefit from escapism experiences. This may be due to consumers’ ability to practice skills and experiment with self-images in virtual environments. Such practice may help consumers attain self-esteem and self-consistency more effectively in reality – particularly for those consumers who are otherwise less successful.

These findings contribute to the emerging literature on escapism in consumption. It addresses the question whether the impact of escapism experiences on consumer well-being is limited to temporary hedonic benefits as prior research has found. This research adds to this literature by showing that escapism experiences may have a more enduring impact on consumer well-being by supporting personal growth and development. This is an important first insight in a context in which especially young consumers increasingly engage in escapism experiences and appear to neglect real world activities.

References


Appendix
Measures of Study Constructs

Escapism Experience (5-Point Likert scale)
How did you feel while you were using the device?
- I forget about my immediate surroundings when I use it.
- Using it makes me forget where I am.
- After using it I feel like I have come back to the “real world”.
- Using it creates a new world for me, and this world disappears when I stop using it.

Psychological Needs (positive items of BMPM; Sheldon and Hilpert, 2012)
How did you feel immediately before you started using the device?
Relatedness (5-Point Likert scale)
- I felt a sense of contact with people who care for me, and whom I care for.
- I felt close and connected with people who are important to me.
- I felt a strong sense of intimacy with people I spent time with.

Competence (5-Point Likert scale)
- I was successfully completing difficult tasks and projects.
- I took on and mastered hard challenges.
- I did well even at the hard things.

Autonomy (5-Point Likert scale)
- I was free to do things my own way.
- My choices expressed my “true self”.
- I was really doing what interests me.

Well-Being
How did you feel while you were using the device?
Self-esteem (5-Point Likert scale; adapted from Rosenberg, 1965)
- I like the way I am when I use it.
- I feel satisfied with myself.
- I am proud of myself when I use it.

Self-consistency (5-Point Likert scale; adapted from Sirgy, 1985)
- I can identify with using the device.
- I see myself as typical user.
- People who use it are like me.

Social approval (5-Point Likert scale)
- People think well of me when I use it.
- My friends like me because I use it.
- It makes my friends happy that I use it.
Planning a Wedding: Consumption behaviour of Bridal Magazines and Website Usage

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Abstract
This paper discusses the usage behaviour of brides-to-be in terms of bridal magazines and websites. Four hundred and forty six brides-to-be were questioned on their usage and attitudes toward print (magazines) and online (websites) when gathering their wedding planning information. Results indicated that respondents in this liminal state of moving from single to married status were clearly focused on investigating wedding products and services and extensively use both forms of media. Differences were evident in respondents’ usage of each medium dependent on wedding budgets, the particular wedding planning stages and the perceived comprehensiveness/ease of use of each medium. As a result it is extremely important for bridal magazines to have a website counterpart or extension, to increase their level of brand loyalty. These findings extend contemporary research into magazine consumption and introduce the uniqueness of the bridal media market. Implications for the bridal magazine industry are discussed.

Keywords: Print versus online media, wedding planning
Track: Consumer behaviour

1.0 Introduction
The wedding industry in Australia is estimated to be worth over two billion dollars per annum (“The Wedding Industry, 2013”; “Wedding Statistics”, 2013). In Western Australia, almost 13,000 couples marry each year, spending approximately an average of 200 hours planning and expending an average of $40,000 on each nuptial (Dobscha and Foxman, 2011; “Wedding Statistics”, 2013).

Research to date argues that bridal media dictates how to plan the “perfect” wedding while also representing etiquette and instructions, leading to the construction of a social norm (Boden, 2003; Engstrom, 2008, Winch & Webster, 2012). Engstrom (2008) even goes so far as to say that bridal media sends an “underlying message to women that they need a large, expensive wedding in order to move from being single to being married” (p.61). Wedding magazines, in particular, emphasise that weddings are a highly desired “spectacular, within-reach consumer fantasy” (Boden, 2003, p.46). During the time of transition from single to married status, the bride-to-be is in a liminal state of being (Cody and Lawlor, 2011), displaying a combination of a rational project manager self with a child-like dreamer (Boden, 2003; Otnes, Lowrey and Shrum, 1997). Academic research to date, has not investigated the range of different tools used by engaged women for wedding planning purposes (Engstrom, 2008).

Brides are a prime target market involved in an extraordinary life experience with wedding planning being a high cost involved activity in terms of both time and money (Wu, et al, 2013). More specifically, there has been little if any scholarly investigation into what factors influence the usage of bridal magazines, and if new developments in online media have affected the way consumers use and perceive these media channels (Blakely, 2008; Muir,
In Australia, similarly to the developing world around the globe, the magazine publishing industry is currently experiencing a downward trend due to the increased usage of online media among consumers (Carreiro, 2010). Previous research shows how various categories of the publishing industry have adapted and progressed through this change in industry business logic (Carreiro, 2010; Salminen and Hakaniemi, 2007; Tarkiainen, Ellonen and Kuivalainen, 2009). Although this research provides insights for the bridal magazine industry, bridal magazines appear to be a unique category that continues to attract consumers to the print product; regardless of the influences of online media channels due to it highly involved target audience (Boden, 2003; Jackson, 2011; Muir, 2009).

A number of studies to date have compared print and online media and suggest that printed materials are becoming obsolete (Flavián and Gurrea, 2006; Kaiser and Kongsted, 2012; Malhotra, 2008; Nienstedt, Huber and Seelmann, 2012). Others such as Carreiro (2010), Salminen and Hakaniemi (2007) and Tarkiainen et al. (2009) all argue that online extensions or additions actually complement their printed versions. Furthermore, research indicates that in today’s society, multi-channel media extensions are essential to keep up with demand from consumers in a highly competitive print publishing industry (Nienstedt et al., 2012; Salminen and Hakaniemi, 2007; Salo et al., 2013).

A recent development in the publishing industry is the extension and introduction of social media networks. This includes but is not limited to Facebook, Twitter, Pinterest, Google+, Instagram, Snapchat and LinkedIn. These are forms of two-way communication used by brands to directly communicate with consumers and vice versa. Social media is often used in the publishing industry for relationship building (Ellonen et al., 2010). It is becoming increasingly more important to have an online social presence, however academic research is catching up on this novel phenomenon (Kumar and Mirchandani, 2012; Rishika, Kumar, Janakiraman and Bezawada, 2013; Zauner, Koller and Fink, 2012).

The purchase of magazines is a well-researched facet of consumer behaviour that is associated with experiences of leisure, inspiration and tradition (Davidson et al., 2007; Regout, 2011; Solomon, 2009). There has been little academic research attempting to understand the use of bridal magazines and wedding websites and social media platforms such as Pinterest. This study aims to discover the attitudes towards using print and online materials by brides-to-be within their unique journey of planning a wedding.

2.0 Research Questions and Literature Review

This study focuses on four main determinants identified in previous literature used to examine the attitudes towards using online and print media (Gregory, 2008; Stevens, Maclaran & Catterall, 2007; Stevens & Maclaran, 2005; Tarkiainen et al., 2009). The determinants used in this research were chosen from studies that investigated offline and online consumer behaviour (Carreiro, 2010; Ytre-Arne (2011) and were considered most appropriate for investigating bridal media. This includes channel attributes, emotional experiences, demographics and their usage levels of each (Vijayasarathy, 2004; Srisuwan and Barnes, 2008; Regout, 2011). The following paragraphs outline three of these aspects with the associated research question for this study.

2.1. Channel Attributes

Channel attributes define the individual benefits and/or disadvantages of print and online media. Each media channel has a long list of attributes attached to its use, including but not limited to comprehensiveness/ease of use, sensory systems and information overload (Salminen and Hakaniemi, 2007; Tarkiainen et al., 2009; Ytre-Arne, 2011; Ellonen et al.,
2010; Gregory, 2008; Salo et al., 2013; Vijayas.pathy, 2004; Regout, 2011). The attitudes and 
perception toward specific channel attributes determines whether or not a consumer will 
preferr to use them over another media channel (Srisuwan and Barnes, 2008). \textit{RQ1: Do 
channel attributes influence consumer’s attitudes towards bridal magazines and websites?}

2.2 Emotional Experiences

Stevens et al. (2007) claims that interest-specific magazines have sustained their 
desirability since their inception in the eighteenth century, due to their tangibility and emotive 
properties, which are continuously desired in a print form by the consumer. However, it is 
uncertain whether this still applies in today’s society as the industry is experiencing multiple 
changes in technology, in which consumers are actively and rapidly adapting to. Enjoyment is 
a key aspect of emotional experiences. The channel with the most enjoyable properties tends 
to be the media that is most used (Solomon, 2009). Enjoyment can be experienced through 
both by browsing online or flipping through the pages of a magazine. It appears online media 
has become more frequently used as a past-time. \textit{RQ2: Do emotional experiences influence 
customer’s attitudes towards bridal magazines and websites?}

2.3 Usage levels

Existing research has investigated the relationship between print and online media 
across magazines generally. The focus has previously been on the usage levels of magazines 
and websites and whether consumers will continue to use and purchase magazines when 
content is so widely available online (Ellonen et al., 2010; Kaiser and Kongsted, 2012; Nienstedt et al., 2012; Srisuwan, and Barnes, 2008; Tarkiainen et al., 2009;). These questions 
have not been examined in the category of bridal magazines. Bridal magazines are unique as 
they are normally published annually, with over three hundred pages and rely on emotional 
appeals to attract a highly targeted consumer market during a significant life event. Bridal 
magazines “give meanings to the pre-wedding build-up as well as the day itself.” (Boden, 
2003, p.46). \textit{RQ3: What is the level of usage bridal magazines and websites, and do 
consumers use them exclusively or interchangeably?}

3.0 Methodology

A quantitative questionnaire was developed using scales previously available in the 
literature and developed appropriately and tested (via a focus group of brides-to-be) for the 
bridal market. Regout (2011) developed a scale for determining the usage of bridal magazines 
and websites. The questionnaire also included dimensions derived from a study by 
Vijayas.pathy, (2004), who used the Technology Acceptance Model (TAM) that impacts the 
use of online versus offline processes in the retail industry. They determined the main 
influencing factors were ease of use and usefulness of a medium. All items of the 
questionnaire derived from previous research substituted their research context with bridal 
magazines. (e.g. “The internet gives me access to useful shopping information”, was adapted 
to “Bridal websites/Bridal magazines give me access to useful wedding planning information”)
The questionnaire utilised a series of Likert Scales ranging from “1= strongly disagree” to “6= 
strongly agree” to determine respondents’ attitudes towards statements.

The questionnaire link was displayed on Facebook page, a local bridal magazine’s 
website, and an email campaign to their client database of engaged women. Data collection 
was for a period of two weeks. In addition promotional strategies such as Facebook 
advertising and prize incentives were used to collect a sufficient amount of completed 
questionnaires. The final sample totalled 446 respondents. Once data collection was finalised, 
it was imported into SPSS for descriptive and statistical data analysis.
4.0 Findings

4.1 Sample

All respondents were female with the majority (96.9%) engaged to be married or otherwise married within the last two years. All respondents were Australian citizens, with slightly more than half of the respondents (51.1%) were between 25 and 30 years old, predominately working full time (66.8%), with majority of their partners also working full-time (90.8%). The total budget for the wedding ranged from $10,000 to $50,000 or more, but the majority (63.6%) expected to spend around $10,000 to $30,000 on their wedding day. The majority of respondents (94.7%) were planning their first wedding with only 5.3 per cent of respondents planning their second or third wedding. Furthermore, more than half of respondents (52.2%) considered themselves a medium internet user while 34.8 per cent were heavy; with the remaining 13 per cent indicated they were low internet users.

4.2 Channel Attributes

A Principle Component Analysis (PCA) was conducted to reveal the underlying dimensions with scale items for use and attitudes toward both print and online media. The PCA revealed five factors with eigenvalues equalling to or exceeding one (Hair, Bush & Ortinau (2009). These included comprehensive/ease of use, sensory systems, keepsake aspect (only for print media), information overload and enjoyment. These five factors explained 69 per cent of the variance within the data. A comparison between print and online sources revealed a number of aspects; these are illustrated in Table 1 and discussed in the following paragraphs.

As evident in Table 1, websites had a mean score of 5.23 for comprehensive and ease of use, significantly higher than magazines with a mean of 3.91. On the opposite end of the spectrum, the factor ‘information overload’ contained negative items such as frustrating and cumbersome and here the websites again achieve a higher - more negative score (3.62) than bridal magazines (2.88). Ironically, websites are seen as comprehensive and easy to use but also come with the connotation of creating information overload and experience common to brides to be (Otnes et al., 1997). Sensory systems focused on the look and feel of using bridal magazines and websites. Both media scored high across all sensory items, with respondents indicating a marginally higher preference for the sensory aspects of magazines over that of websites, but the differences between these components are minimal and suggesting although statistically significant of minimum practical significance.

<table>
<thead>
<tr>
<th>Factors</th>
<th>Bridal Magazines</th>
<th>Bridal Websites</th>
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<tbody>
<tr>
<td></td>
<td>Number of Items</td>
<td>Mean</td>
</tr>
<tr>
<td>Channel Attributes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comprehensive/ Ease of Use</td>
<td>9</td>
<td>3.91</td>
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<tr>
<td>Sensory Systems</td>
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<td>4.67</td>
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<td>Information Overload</td>
<td>3</td>
<td>2.88</td>
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<td>Emotional Experiences</td>
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<td>Enjoyment</td>
<td>2</td>
<td>4.43</td>
</tr>
<tr>
<td>Keepsake</td>
<td>2</td>
<td>3.08</td>
</tr>
</tbody>
</table>

* = Significant at the $p<0.05$ level ** = Significant at the $p<0.01$ level
The aspect of enjoyment is fairly equal in both magazines and websites as the differences in the combined mean score (shown in Table 1) is minor. The aspect of reading on a particular medium had stronger preferences in magazines than websites; however, websites had slightly higher agreement to having an enjoyable pastime/distractions state. Bridal magazines were identified as a keepsake in the literature and an important aspect of their use. The data did not show strong intentions of retaining bridal magazines as a keepsake of their planning experiences with a mean score of 3.08 and a relatively high standard deviation of 1.67. There appears to be a large variation in responses with half of respondents indicating they do not intend to keep their bridal magazines for more than 6 months after their wedding. Conversely, a large second group (n=100) intend to keep them indefinitely.

The same respondent who uses magazines is also highly likely to use websites in a similar manner to gather additional wedding information and/or inspiration. This suggests the two forms of media are used interchangeably rather than exclusively. The key finding here is the time frame in which magazines are used as opposed to websites. The majority (53.5%) of respondents used bridal magazines predominately during the beginning stage of their engagement, while the large majority (69.2%) use websites throughout their engagement period to gather wedding information.

5.0 Conclusion

It is essential that the publishing industry adapt to this new changing market with desires for both media. The industry needs to understand their new audience and modify their product(s) accordingly. The content provided through various digital media channels creates additional brand awareness and the prospect of extended brand loyalty. This allows companies to retain brand loyalty from their consumers across multiple channels rather than forcing them to choose one brand for each media channel (Carreiro, 2012; Nienstedt et al., 2012). Consistent presence across various media channels creates a strong competitive advantage by being in all places at all times (Ellonen et al., 2010). The current study indicated bridal magazines continue to be purchased, despite the growth of bridal websites. The lack of variance between the two may be explained by the possibility of magazines being used as an important starting point for gathering wedding planning inspiration and ideas and leading to more specific and comprehensive searches online. The interchangeable nature of the two media should not be underestimated by the bridal media industry as websites play a very important role in the wedding planning journey and support the viability of bridal magazines. As a result, it is extremely important for bridal magazines to have a website counterpart or extension, to increase the level of brand loyalty. Embracing the use of both media could provide greater sustainability for the industry as a whole.

References


Srisuwan, P. and Barnes, S. (2008), Predicting online channel use for an online and print magazine: A case study. Internet Research, 18(3), 266-285.


Abstract
Children are considered to shop independently (using their own money and making their own consumer decisions) from a young age, yet whether it is truly independent is unknown. Family and friends play an important role in terms of consumer socialisation of children changing in relative importance with age. On the basis of in-depth interviews with children, this research explores the nature of social influence on the value they perceive and associated developmental changes which occur. Parents were found to influence children’s value perception through their approval, moderated by perceived parental control. Parental influence decreased for older children. Peers influenced the social value derived in terms of social use, social acceptance and enhancing one’s social self-concept. The ability to enhance social self-concept was only found to be a factor for the older child consumers.

Keywords: Children, consumer behaviour, social value
Track: Consumer Behaviour

Background
Children represent an increasingly important consumer segment. They are experiencing growing spending power and are completing an increasing number of purchases (Dotson & Hyatt, 2005; McNeal, 2007). As they become socialised as consumers they are developing consumer skills (John, 1999). Their value perception (Zeithaml, 1988) is a central consumer skill impacting their consumer behaviour. Social value is an important part of consumer perceived value for adults (Sheth, Newman, & Gross, 1991; Sweeney & Soutar, 2001) and children (Williams, 2014). Given that experience impacts value outcomes perceived and such outcomes are determined within the context of the consumer’s life-world (Gummerus, 2013) it is important to understand social value from the perspective of child consumers. Of central importance to this development is the nature of the influence of others, specifically parents and peers on children’s purchases. This influence is potentially impacting the extent to which children are truly independent shoppers. The unique context of children’s consumer behaviour (Cook, 2009) makes this an important area for investigation in terms of the way this influence impacts value perceived and the developmental changes which occur.

Conceptual Foundations

Consumer Socialisation of Children
An early theory of the consumer socialisation of children was detailed by Ward (1974) and his theory has provided the basis of most future work on children’s consumer behaviour. Consumer socialisation is defined as “processes by which young people acquire skills, knowledge and attitudes relevant to their functioning as consumers in the marketplace” (Ward, 1974, p. 3). In addition to cognitive development and television advertising, central to his theory was the role of family as an independent variable relating to this developmental progression in information processing. John (1999) proposed an age/stage based consumer socialisation conceptual framework based on cognitive developmental in combination with
changes in social perspective taking and impression formation. The social environment is acknowledged to be an important influence in children's consumer socialisation across a number of studies (Dotson & Hyatt, 2005; John, 1999; Lachance & Legault, 2007) and is described as changing from parental to peer dominance as children grow older. Additional support for the role of social interaction in cognitive development and consumer socialisation comes from the sociocultural theory of Vygotsky (1978).

**Social Value**
Social value has been identified by several authors as an important component of perceived value for adults (Sheth et al., 1991; Sweeney & Soutar, 2001) and it has been defined as “The utility derived from the product’s ability to enhance social self-concept” (Sweeney & Soutar, 2001, p. 211). It is derived through the relationship between the use or ownership of a product and its meaning in relation to others.

**Reference Group Influence**
Reference groups have been found to influence consumers in two main ways described as normative and informational (Park & Lessig, 1977). Normative influence occurs in two ways. Firstly there is a utilitarian influence whereby standards of conduct are set by the reference group and receives rewards or punishments on the basis of conformity. Secondly there is a value expressive influence which occurs when one’s self image within the group is perceived to be enhanced through a particular behaviour. Informational influence occurs when information is provided by the reference group and this is used to enhance the individual’s understanding of a situation (Bearden & Etzel, 1982; Mangleburg, Doney, & Bristol, 2004; Park & Lessig, 1977).

**The Symbolic Meaning of Brands**
According to McNeal (1987), children seem to place emphasis on brands despite the products being seen by parents as very similar and substitutable. It is clear that brands are recognised and become increasingly important as children grow and that they are particularly important as visual perceptual cues for younger children (John, 1999). Belk, Mayer and Driscoll (1984) found that by nine to twelve years, children associated certain brands with personal characteristics of the owners. The brand based stereotypes were found to be greater for eleven to twelve year olds than nine to ten year olds. Achenreiner and John (2003) found that brand names served as simple perceptual cues in product evaluations for eight year olds. For older children aged twelve and sixteen years, brands were associated with conceptual or symbolic meaning. Chaplin and John (2005) found that older children and adolescents made deeper connections based on similarity between their self-concept and the personality and symbolic nature of the brands.

**Methodology**
In order to explore social influences on children’s perceptions of products, in-depth qualitative interviews with 51 children aged seven to 14 years were conducted in order to reflect the progression of consumer development (John, 1999) and social influence. Sampling was purposive and the research required children to purchase independently with their own money in order to participate in the study. In accordance with grounded theory methods and theoretical sampling (Corbin & Strauss, 2008) the amount of pocket money and product category was not limited. The majority of children studied, received $5 or less per week and the amount received increased with age.
Interviews were simultaneously transcribed and analysed. Careful consideration of the interview procedure was made, as advocated by other child researchers (Gollop, 2000). Interviews began with non-threatening topics and followed a semi structured interview guide. Prior visits were arranged to develop a rapport which research participants. Interviews were conducted in schools as it has been suggested that the best place to interview children is somewhere that they feel comfortable (Gollop, 2000).

Analysis began as soon as the early data were collected and findings guided subsequent data collection in accordance with grounded theory. The research analysis used microanalysis and the ‘constant comparative method’ following the guidelines of theoretical sampling at a conceptual level (Corbin & Strauss, 2008). The interviews were coded and analysed by the researcher and NVivo 8 software was used to assist analysis.

Findings

Findings are discussed in terms of the social context of children’s shopping, parental influence and peer influence, the social meaning of the brand and the social value derived.

Social Context of Children’s Shopping
The study identified changes in the social contexts in which children shopped, and while all children in the study shopped ‘independently, the extent of this independence varied with age. Young children mainly shopped with their parents, they seldom shopped alone or with friends and had little control over where they could shop. As children grew older they increasingly shopped on their own and had more control over where they could purchase. While they were more likely to shop with friends this was still not the usual context for their shopping.

Parental Influence

Parental Control
It was found that the more controlling the parents were seen to be the more influential they were over the value children perceived in an alternative. ‘Parental control’ refers to parents exerting control over the child’s purchases and this was mentioned by thirty three children. Parents were found to be perceived as less controlling by older children.

“Yes I thought about choosing some Mentos as well but then Mum said I wasn’t allowed to, just one a day.” (Sarah, age 8)

“How important is your parent’s approval in terms of what you buy?”
“Oh pretty high because they’ll take it back to the store if they don’t approve of it.” (Richard, age 13)

For older children, parents were selective as to what products they controlled. If they were to exert influence, they usually limited this to higher priced items.

“Well I suppose things that are really bad for you I don’t really just get them every day but I still get them. You know whereas when I was a little kid they wouldn’t let me get it and now yeah I sort of probably get things that aren’t as good for you but taste nicer but not all the time, yep.” (Max, age 13)

It is critical that perceived parental control is considered as it moderates the influence parental approval of the value perceived by children.

Parental Approval
Parental approval was mentioned in forty two of the fifty one interviews. Parents influenced the value dimensions considered by children in terms of ‘approving products’ and ‘approving prices’ and ‘approving decisions’. As children got older the changing context of their shopping experience meant they were often not with parents when shopping. However, the influence of parents was still important, their approval or disapproval increased either the perceived benefits or the perceived costs associated with choice.

“I don’t really think they influence me massively like they’ll always get me to, they’ve always taught me not to go like stupid with money and stuff. Like once you’ve spent it, you’ve spent it and you can’t like get it back and unless you like earn it back or something. But they’ve always, yeah they’ve always taught me to look around and see what’s cheaper and what actually is different in quality and stuff for something at a lower price compared with something for a higher price. So in that sense I guess they do influence me with the money and stuff and just the type of item it is just to make sure that like it is suitable without being ridiculously expensive.” (George, age 13)

Peer Influence
Fifty children indicated they were ‘influenced by their friends’ on the value they perceived. They were influenced by what their ‘friends like’, what their ‘friends have’, what their ‘friends recommend’ and what is ‘popular’. For young children aged seven and eight, their friends liked, had or simply talked about the products and this in turn influenced their value perceptions as they attempted to conform to social norms.

“Well I am quite into Star Wars like quite a few of them are, other people in our class, well I think there’s more than seven people that like Lego Star Wars and they all like Star Wars the movies because they are quite nice, or they’re interesting as well as adventurous except you can get, I think you can get Lego.” (Mark age 9)

By nine years of age they incorporated more about the influence of friends than just their friends having or liking the product. Explanations included a joint interest in products as well as general popularity among peers and reference groups and more of a concern for what others liked.

“I think that they might think it was quite cool. But then I thought that they might not like it but yeah and then I got to the point where I thought they would like it, so yep.” (Oscar, age 9)

“...I think so because I don’t like it when I choose something that’s really gross and they all kind of act weird when I’m wearing it because it’s like Oh okay you didn’t like it then but I think it’s a tiny thing that matters, but I think it’s more that I like them but my friends do like them, yep.” (Siobhan, age 13)

The Symbolic Meaning of Brands
It was found that as children got older brands had a deeper meaning and became increasingly important. Evidence that brands were associated with deeper meaning was found for children from eleven years of age up. They associated brands with reputation and quality. A developing understanding that a brand encapsulates a set of benefits, rather than simply identifying a product, was evident.

“Cadbury’s and Whittaker’s because they are like the main brand. I like Cadbury’s dairy milk more as say snack food. But if it was something like after dinner I go more towards Whittaker’s chocolate because that’s just got a better taste.” (Henry, age 12)

Social Value
The in-depth interviews revealed social value as important across all ages. Social value was comprised of social use value, social acceptance and enhancing social self-concept.
Social use value relates to products being able to be used with, shared with, or recommended to others.

Like, I know that if I buy a game then my best friends going to want it. Like she, because she’s pretty rich and she loves to have what I have. So, yeah. That’s always good and then we can, like, swap games. That’s fun. (Clare, age 14)

Social acceptance refers to value enhanced by products which friends used, liked or approved of which helped children fit in or be accepted. It was more commonly mentioned by children nine or older.

“I don’t really want to look like, I want to kind of blend in and I don’t want to wear stuff that other people wouldn’t wear because that would be embarrassing and so I would just wear what other people wear. I don’t copy them but I sort of wear the same thing.” (Interview, Annie age 10)

By 13 or 14 years of age children are much more aware of the subtleties of conforming to group norms in terms of fitting in. The value was derived from utilitarian reference group influence.

“Yes I’d say a lot of people would take into account their friends opinions because they don’t want to seem weird or they don’t want to seem unusual. They’d like their friends to think oh they’re cool” (Interview, Joe, age 14, Nike shoes)

The third part of social value relates to enhancing one’s self concept derived from a value expressive influence. This requires the idea of products reflecting identity or ‘social self-image’ to be understood. The influence of products on social self-concept was reflected in perceived value from around ten years of age. This increased markedly amongst the 13 and 14 year olds.

“Oh it just made me feel like you were the guy with the new posh stuff that no one else had at the moment at that time.” (Marty, age 13)

Contributions

This research has explored the nature of social influences impacting the value children perceive when purchasing and how these factors vary with age. The importance of parental approval and the moderating influence of parental control over children’s value perception has been detailed, contributing to our understanding of the nature of parents as socialization agents. The way children’s peers influence their value perception and the age related changes that occur in social value derived from this influence provide insight into the symbolic meaning of products and brands in the role of enhancing social self-concept. The findings indicate that children’s shopping decisions and value perceived is not truly independent, but an increasing independence is reflected with increasing age. The approach adopted responds to the call for child centred research (Banister & Booth, 2005) and contributes to our understanding of children’s perceived value (Sheth, Newman, & Gross, 1991b; Sweeney & Soutar, 2001; Zeithaml, 1988). The findings are relevant to marketing practitioners in relation to the value derived from brands at different ages and the role of parents in children’s value perception. It is of interest to policy makers in relation to the marketing messages related to social acceptance and the impact of such messages on children. Finally, this work provides a basis for future quantitative testing of identified concepts and conceptual relationships between age, social influence factors and social value.

References


Social Influences and Attitude Change in a High Involvement Service Context

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Abstract

This research explores how social influences affect attitude change and consumer choice in a high involvement service (higher education) context, and studies how evaluation difficulty affects the processing routes of social influences in the final choice phase. Four hypotheses are tested with structural equation modeling, and the main results indicate that two attitude change components (credence and search) significantly explain consumer choice. The more complex credence-based attitude has a stronger effect on consumer choice than the simpler search-based attitude in the final choice phase. Further, two distinct forms of social influences have directionally different impacts on consumer choice in the final choice phase of the consumer decision-making process. The findings posit a contribution to research on social influences of consumer choice, and have clear managerial implications to marketing of high involvement services.

Keywords: Social influence, attitude change, high involvement services, consumer choice
Track: Consumer Behavior

Introduction

Prior research suggests that consumers use others’ product evaluations as a source of information, and that the influence of others may be the most prevalent element of consumer behavior (Burnkrant and Cousineau, 1975). The importance of close relevant others (Brown and Reingen, 1987), and two forms of social influences (informational and normative) (Deutsch and Gerald, 1955) have been identified by previous research as central variables in consumer evaluations, but less is known about how these social influences affect attitude change in a high involvement service context, such as higher education. Additionally, understanding the impact of social influences on consumer choice will provide further insights into the overall effectiveness of social influences. Lim and Chung (2011) concluded that the valence of Word-of-Mouth (WOM) communication varies in its impact on consumer evaluation of services on two distinct levels of evaluation (credence and search), ranging in their level of evaluation difficulty. This research aims to take this view one step further, and studies how social influences affect attitude change and consumer choice by taking into account the level of evaluation difficulty, by adapting an information processing perspective. The Elaboration Likelihood Model (ELM), developed by Petty and Cacioppo (1981), states that the process of attitude change depends on the level of elaboration, which reflects consumers’ ability and motivation to process issue relevant information for its central merits, and therefore evaluation difficulty may provide a deeper understanding into the overall process of how social influences affect consumer behavior.

According to prior research, source characteristics (Brown and Reingen, 1987), and the stage of the decision-making process (Ge et al., 2012), affect consumer choice and information processing. The decision-making process of an international higher education applicant is a complex and multi-stage process (Chapman, 1986), and since information processing is generally seen as a dynamic process that evolves over time as more information is acquired (Kardes and Herr, 1990), it is essential to understand how social influences affect consumer
behavior from an attitude change perspective. There exists rich evidence of identifying applicants’ choice criteria in the higher education research field (Mazzarol and Soutar, 2002), through which they evaluate and compare institutions to one another. Prior research has also identified which sources of information are important in the decision-making process (Kallio, 1995). Still, the research field is lacking empirical evidence of how social influences from close relevant others affect attitude change, when varying the level of evaluation difficulty of attitudes in a high involvement service context. Thus, the objectives of this study are 1) to explore how social influences affect attitude change and consumer choice in a high involvement service context, and 2) to study how evaluation difficulty affects the processing routes of social influences in the final choice phase.

Theory Development

Prior literature makes a distinction between facts and values (Kaplan, 1989): facts are associated with observable events, through which the receiver of the information can decide on product judgments based on demonstrable arguments (information), and finding a “correct” answer. Value involves evaluative, aesthetic, or moral preferences (preference consensus), to which the receiver may not be able to find a “correct” answer. The distinction between facts and values prevails also in social influence literature, which divides influences into informational and normative ones (Kaplan, 1989). Informational influence is defined as the influence to accept information received from a social source as evidence about reality, and thus is more fact based (Deutsch and Gerald, 1955). Normative social influence refers to the influence to conform to the expectations of a social source (Deutsch and Gerald, 1955), and therefore is more value based. While social influences represent the motive to accept or comply with the influence, these influences may also be processed through different information processing mechanisms, and thus have a different impact on consumer choice from an attitude change perspective. ELM proposes two routes of information processing, which are influenced by the level of elaboration. In high elaboration conditions information is processed through a cognitive process emphasizing thinking about issue-relevant information, called the central route. In the central route elaboration is high and consumers scrutinize all information accessible. The more automatic route is referred to as the peripheral route, which is less thoughtful, and attitudes can be changed by simple associations and cues, such as the amount of information and attractiveness of the sources. (Rucker and Petty, 2006)

Informational influence relates to the central route processing of the ELM, because information sources and message arguments are treated as central elements affecting the form of social influences. Additionally, normative influence is associated with peripheral route processing of the ELM, since the “power” of the social influence is deriving from the source itself and not the actual informational content of the message, and since a central notion of normative influence is the general responsiveness to social others, their preferences and values. (Kaplan, 1989)

According to the ELM, in some situations peripheral cues may have an effect on attitudes under high elaboration conditions (Petty, 1994), thus, normative influence can have a role in complex high involvement evaluations. Generally, consumers process information through the central route when elaboration is high, but if the ability or motivation to process central merits of the information is decreased, a consumer may also use peripheral cues of information under high elaboration (Petty, 1994). Similarly, Lord et al. (2001) noted that both influences are present in many consumer decisions, but involvement was clearly lower for decisions including only normative influences. Correspondingly for product complexity, the highest mean value was reported for decisions including both influences. Thus, since the choice of higher education can be considered as a complex choice with high levels of
involvement, both types of influence may be significant determinants in the final choice phase. The importance of complexity and involvement levels in shaping social influences raises evaluation difficulty as a central concept in understanding how consumers process information, since the ability of a consumer to evaluate all relevant information may be smaller as the target of evaluation is more complex (Dijksterhuis et al., 2006). Consumers evaluate services through three distinct criteria, credence, experience and search, and these criteria vary in their level of evaluation difficulty (Parasuraman et al., 1985). In this research the focus will be on credence and search criteria, similarly to research by Lim and Chung (2011). Search criteria are simple to evaluate, and consumers are able to scrutinize search-based information prior to purchase with lower levels of cognitive effort (Nelson, 1970). Credence criteria, on the other hand, can be difficult to evaluate even after purchase (Darby and Karni, 1973). Since the ability to evaluate all central merits of the information may be lower for credence criteria than search criteria, consumers of high involvement services may use both routes of persuasion in parallel during their evaluation in order to make the final choice. In a high involvement context, consumers feel the need to form sufficient evaluations, and thus attitudes may be changed through both routes of persuasion. Thus, the first hypothesis states that \( H1a: \) Informational social influence causes attitude change in the credence-based attitude dimension. \( H1b: \) Normative social influence causes attitude change in the credence-based attitude dimension. Since consumers are able and also motivated to evaluate search criteria, the second hypothesis states \( H2: \) Informational influence causes attitude change in the search-based attitude dimensions. ELM assumes that attitudes formed through the central route are generally more persistent over time, and thus are more predictive of behavior (Rucker and Petty, 2006). This research suggests that the search-based attitude dimension is formed mainly through informational influence, which according to Kaplan (1989) reflects central route processing of information. Due to the stability of attitudes formed through the central route, a change in the search-based dimension may be marginal, and thus the effect of change is smaller on consumer choice. Additionally, the credence-based attitude dimension may be more susceptible to change than the search-based dimension. Also, Parasuraman et al. (1985) state that more difficult criteria may be more important in service evaluations than simple criteria, and thus have a stronger effect on choice. Thus, the third hypothesis states that \( H3: \) A change in the credence-based attitude will have a stronger effect on consumer choice than a change in the search-based attitude.

Research by Goodrich and Mangleburg (2010) focused on how family and peers affect young consumers’ purchases of various products through the social power theory. They concluded that expert power, which is reflective to informational influence, was not present during product choice, thus the influences seemed largely normative by nature. Prior research in higher education has also noticed that friends and family have a particularly strong influence on applicants’ choice (Kallio, 1995). Friends and family can be considered as strong tie-strength sources, since tie-strength is referred to as strong when the source is someone who knows the receiver personally. With increasing levels of task difficulty and high risk associated with choice, consumers are more likely to prefer strong tie-strength sources for information. (Duhan et al., 1997) Additionally, even though higher education may be consumed privately, the choice is often public, and discussed with family and friends. Kaplan (1989) argues than when a choice is public, normative influence may be more effective than informative influence on product choice. Since this research will focus on the consumer choice phase the fourth hypothesis states: \( H4: \) Normative influence will have a stronger effect on consumer choice than informational influence. The conceptual framework of this research is depicted in Figure 1.
Methodology
The sample consists of international masters’ degree applicants who have applied to Finnish universities in spring 2012. An email with a link to an online questionnaire using Qualtrics software was sent to international masters’ degree applicants of four universities. The sample for search phase (T1) was \( N=1,718 \) and the response rate 43.8 percent. Of these, 1,110 respondents entered a panel through which the second point, the choice phase (T2), of the data collection was done in August 2012. The second data collection period yielded 481 responses (response rate 43.3%). Of these, usable responses for the longitudinal data were 149 responses, since these students were accepted to a Finnish university. The first data collection was conducted after the search phase, but before the applicants had received any information from the universities concerning their acceptance. The second phase was collected in the choice phase, when the applicants had received acceptance letters from different universities, and made their final choice, but had not yet begun their master level studies, in other words they did not yet have any study related experience of the universities. Thus, the data is representing a real choice, and consists of fairly rare data points. Measures for the focal concepts were adopted from previous literature. Choice criteria were originally measured with 23 attributes known to influence a HE applicants’ choice (Mazzarol and Soutar, 2002). Participants were asked to indicate the attributes that affected their decision, and rank their relative importance and beliefs concerning the extent to which the attribute is associated with the university they had applied to on a seven point Likert scale (Mullins et al., 2005). Informational influence was measured with an information diagnosticity measure with a three item five point scale anchored “relevant/irrelevant”, “not at all indicative/very indicative” and “not useful/useful” adapted from Ahluwalia et al. (2001). Information diagnosticity refers to the perceived relevance or usefulness of the information itself in decision-making (Ahluwalia et al., 2001). The scale was measured separately for strong tie sources, friends and family, and combined to reflect the overall influence of close relevant others. Normative influence was measured on a four item seven point scale based on Ajzen et al. (2011), adapting items relating to injunctive norms (perceived expectations of important others). All scales were measured accordingly towards the Finnish universities that the subjects had originally applied to in the two phases. Choice is constructed as a dichotomous variable, where the respondent either declined or accepted the offer from the university. The mean age of the respondents was 24.22 years. 56.8 percent of the respondents were male. 40.3 percent of the respondents were accepted only into the Finnish university they had applied to, 31.2 percent were accepted also to other universities, but will start their master level studies at the Finnish university, and 28.6 percent of the respondents were accepted to the Finnish university but chose another university. The respondents were from many different countries, the largest groups representing Asian, Middle-Eastern and European countries, and Russia.

Results
Measurement items for attitudinal dimensions were first entered into exploratory factor analysis (SPSS 19.0) and were further verified using confirmatory factor analysis (LISREL 8.80). Hypothesis testing was conducted with structural equation modeling with LISREL 8.80 software. The model fit indexes in Table 1 show an acceptable fit. Furthermore, all the composite reliabilities are acceptable by exceeding the recommended level of .60 (Bagozzi and Yi 1988). The average variances extracted (AVE) are satisfactory AVE > .50 (Hair et al., 1998) in all but one exception. Discriminant validity was verified in all cases by comparing squared correlations with AVEs (Fornell and Larcker, 1981). The credence-based attitude dimension was formed by three attributes, such as, the master degree will offer good career opportunities, and the degree has academic value. The search-based attitude dimension also consisted of three attributes, such as friends applying to the same university, and knows someone at the host country.

Table 1. Model Fit Measures

<table>
<thead>
<tr>
<th>Model</th>
<th>p-value</th>
<th>(\chi^2) (d.f.)</th>
<th>RMSEA</th>
<th>CFI/GFI</th>
<th>NNFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measurement model</td>
<td>0.024</td>
<td>78.879(56)</td>
<td>0.052</td>
<td>0.965/0.924</td>
<td>0.951</td>
</tr>
<tr>
<td>Structural Model</td>
<td>0.225</td>
<td>24.404(20)</td>
<td>0.037</td>
<td>0.974/0.965</td>
<td>0.954</td>
</tr>
<tr>
<td>1. Credence</td>
<td>0.440</td>
<td>0.000</td>
<td>0.065</td>
<td>0.013</td>
<td>0.097</td>
</tr>
<tr>
<td>2. Search</td>
<td>-0.014</td>
<td>0.507</td>
<td>0.002</td>
<td>0.027</td>
<td>0.030</td>
</tr>
<tr>
<td>3. Normative Influence</td>
<td>0.255</td>
<td>0.046</td>
<td>0.728</td>
<td>0.003</td>
<td>0.183</td>
</tr>
<tr>
<td>4. Informative influence</td>
<td>0.113</td>
<td>0.165</td>
<td>0.056</td>
<td>0.736</td>
<td>0.007</td>
</tr>
<tr>
<td>5. Choice</td>
<td>0.311</td>
<td>0.172</td>
<td>0.428</td>
<td>-0.084</td>
<td>0.661</td>
</tr>
<tr>
<td>Mean</td>
<td>-1.629</td>
<td>1.778</td>
<td>5.589</td>
<td>3.599</td>
<td>0.707</td>
</tr>
<tr>
<td>S.D.</td>
<td>7.163</td>
<td>10.944</td>
<td>1.453</td>
<td>0.949</td>
<td>-</td>
</tr>
<tr>
<td>CR</td>
<td>0.692</td>
<td>0.745</td>
<td>0.889</td>
<td>0.893</td>
<td>0.661</td>
</tr>
</tbody>
</table>

RMSEA = root mean square error of approximation; CFI = Comparative Fit Index; GFI = Goodness-of-Fit Index; NNFI = Non-Normed Fit Index; S.D. = Standard deviation; CR = Construct Reliability. AVEs are reported on the diagonal.

The first two hypotheses aim to form an understanding of how social influences affect attitude change. The first hypothesis claimed that both (H1a) informational and (H1b) normative influences would impact the attitude change of credence-based qualities. Only normative influence was sufficient to provide a significant \(p < 0.001\) change in the credence-based attitude dimension, explaining 7.6 percent of the dependent variable (See Table 2). Thus, the hypothesis is only partially supported, and reflecting a more peripheral route processing of information. The second hypothesis stated that search-based attitudes may be changed through informational influence, reflecting central route processing of information. Informational influence is only marginally significant \(p < 0.10\), but normative influence is non-significant (see Table 2). Thus, the second hypothesis gains only weak support.

Table 2. Model Path Coefficients and t-values
The third hypothesis stated that because the credence-based attitude dimension is more susceptible to change, and more important to the overall evaluation, it will have a stronger effect in consumer choice. Table 2 shows that both attitude change components significantly explain consumer choice, and credence-based criteria has a stronger effect (Δ = 0.235, p < 0.001) on consumer choice than search-based criteria (Δ = 0.184, p < 0.01). Thus, the third hypothesis is supported. The fourth hypothesis stated that normative influence would have a stronger effect on consumer choice than informational influence. The hypothesis is supported (Δ = 0.381, p < 0.001) has a stronger positive effect on consumer choice, since interestingly informational influence has a negative (Δ = -0.170, p < 0.01) effect on consumer choice. This would imply that both social influences play a crucial role in the final choice process of a higher education applicant, but they differ in their explanatory direction.

### Discussion, further research and limitations

The results imply that in the final stage of decision-making consumers’ attitudes can be changed by both types of social influences, but normative influence seems to play a more central role in the process. Therefore, consumers need preference consensus more than information from social sources in order to make a final product choice. This does not imply that informational influence would not have an important role in consumer decision-making. Since consumer choice is a multistage process, informational influence may have in a bigger role in the prior phases of the choice process. For example Haugtvedt and Wegener (1994) noted that when the motivation to process information is high, a significant priming effect occurs. Therefore, studying the order effects of social influences would warrant further research to understand how credence and search based attitudes are originally formed and changed during the process. If a manager overlooks the importance of positive relevant information sharing in the final stage of decision-making, this may cause the consumer to choose a competitor’s product, since informational influence has a negative effect in the final choice phase. Thus, the results support prior findings of Lord et al. (2001), in the sense that both influences are present in a complex consumer choice, and that both influences have distinct characteristics. The negative effect of informational influence warrants further research in order to understand what information may cause a negative choice, and whether consumers are comparing the offered product between another competitor, and noticing differences during discussions with close others, and thus gaining negative fact based information. Additionally, the reason why only normative influence is effective in explaining the credence-based attitude change could be that credence criteria may be even too difficult to evaluate by consumers (Parasuraman et al., 1985), and thus adding an expert source of information to the model might add the effect of information influence. Additionally, adding

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Dependent Variable</th>
<th>Unstandardized estimates</th>
<th>Standardized estimates</th>
<th>t-values</th>
<th>R²</th>
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</thead>
<tbody>
<tr>
<td>H1a</td>
<td>Credence</td>
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<td>0.098</td>
<td>0.982</td>
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<tr>
<td>H1b</td>
<td>Normative Influence</td>
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<td>0.251</td>
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<tr>
<td>H2</td>
<td>Search</td>
<td>1.064</td>
<td>0.159</td>
<td>1.587c</td>
<td>-</td>
</tr>
<tr>
<td>H3</td>
<td>Choice</td>
<td>ΔCredence</td>
<td>0.013</td>
<td>0.235</td>
<td>2.013b</td>
</tr>
<tr>
<td>H4</td>
<td></td>
<td>ΔSearch</td>
<td>0.011</td>
<td>0.184</td>
<td>1.694b</td>
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<tr>
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<td></td>
<td>Informational Influence</td>
<td>-0.070</td>
<td>-0.170</td>
<td>-1.681b</td>
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<tr>
<td></td>
<td></td>
<td>Normative Influence</td>
<td>0.104</td>
<td>0.381</td>
<td>3.680a</td>
</tr>
</tbody>
</table>

a: Critical t-value (1%) = 2.326; b: Critical t-value (5%) = 1.645; c: Critical t-value (10%) = 1.282
an experience-based attitude construct could improve the overall exploratory power of the model. Other service contexts, which vary in their involvement levels, could be examined for the model, in order to understand the role of involvement and other individual level factors in shaping information processing of consumer choice.

References


A Proposed Model For The Process of Place Bonding

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Abstract

The main goal of the current paper, as a part of an on-going study, is to explain place-bonding as a process. The process of place bonding is highly important in tourism marketing field as it would provide knowledge on how this process leads to loyalty, intention to revisit and word of mouth. On the other hand, knowing how tourists turn space into place would help to inform profitable and sustainable marketing, service design and place promotion. This paper proposes a model of the process of place bonding in the tourism context which incorporates the three stages of place bonding: pre-visit, visit and post-visit. In addition, this paper also recommends some interesting future research in this process.

Keywords: process, place bonding, people-place relationship, emotion, experience

Track: Consumer Behaviour

1. Introduction:

We are living in a society on the move (Gustafson, 2013). People travel for different reasons to different places. Because of globalization (Appadurai, 1991) different places are losing their uniqueness but still tourists express their emotional and meaningful bonds to particular places such as residential places, seasonal homes, places for recreation, temporary homes of commuters, sacred sites, working places, football grounds and virtual or imagined places (Lewicka, 2011). Bonding to place is associated with positive personal outcomes. Bonding to a tourism destination may lead to “sense of security, confidence, trust, attractiveness, cheerfulness and identification in the tourist” (Tsai, 2012, p. 1). However, there is a lack of knowledge about how the process of place bonding happens. Most studies in the field of people-place relationship have only focussed on its dimensions such as place identity and place dependence and have not dealt with how and when exactly these relationships are established. Understanding the dynamics and complexities of created meanings by people in this relationship is a challenging task, and the novel context of tourism offers the opportunity to examine how the process takes place.

This challenge of understanding the process of place bonding is complicated by the role of emotions, context and the subjective nature of experience and experiencing. Crouch (2010) believes that places are not forced but always emerging. Add to this, the temporal, dynamic and place dimensions that continue to produce new meaning and change existing meanings for places, and the task of understanding becomes immense. The changing nature of place and the change in us as human beings and our immersion into being and becoming, make this process highly complex.

Previous research has not investigated place-bonding as a process, thus exploring this process makes several noteworthy contributions to the literature of people-place relationships. First, it may provide knowledge on how this process leads to loyalty, intention to revisit and word of mouth. Second, knowing how tourists turn space into place would help to inform profitable and sustainable marketing, service design and place promotion. Third, it may provide knowledge on how exactly tourist experience a place and how emotions can lead to bonding to a place. Thus this paper proposes a model of the process of place bonding in the tourism context which incorporates the three stages of place bonding: pre-visit, visit and post-visit.
2. Review of the Literature

This section provides a brief review of the literature on tourist place and past research on place bonding and then introduces place bonding as a process.

2.1. Tourist Place

People’s tourism experience, their emotions and the meanings they give to a place contribute to the making of places. In this paper, place is considered from a cultural geography perspective whereby place is broadly conceived as “…a moment and a location concurrently shot through with lines of movement that constantly (re)combine to change its form and substance” (Anderson, 2012, p. 547). Anderson (2012) refers to ‘moment’, ‘location’ and ‘movement’ mirroring the ideas of ‘temporality, geography and multiciplity of place conceptions. Thus it can be extrapolated that momentarily experiences play a significant role in the process of place bonding.

A review of the relevant literature by Relph (2008) revealed: 1. Place as an ontological concept which is considered as a way of knowing the world and place is viewed as ‘being’, 2. Place as location embraces social and geographic meaning and experiences which is related to the themes of dwelling and culture, and 3. Place as a circle full of flows and movements of people as well as things and practices which includes the themes of intersections and relations. Hence it can be concluded that making a relation with a place is a form of place bonding.

Tourist place is referred to as a ‘home of hearts’, a second or another home full of feelings, emotions and intimacy (Trauer and Ryan, 2005) or “any place that fosters the feeling of being a tourist” (Pearce, 1982, p. 98). Larsen (2008) argues that tourist places are not necessarily extraordinary. As a conclusion, what make a tourist place can be the interactions and relations between tourists and place.

Squire (1994) mentions that landscapes become tourist places through meanings attributed to them by tourists and promotional agencies, so the symbolic meanings assigned to the places must be uncovered. People use a wide range of information sources, and bring their own ideas, interpretations, and understanding to the places they visit. Tourists have information, feelings and expectation about places prior to their visit (Young, 1999) and based on this pre-visit is incorporated into current proposed model of the process of place bonding. Place bonding starts from the pre-visit stage in which pre-visitation variables stimulate the feelings and the desire to go through the process of place bonding. It can be concluded that the essence of place is meaning.

Young (1999) believes that ordinary places become tourist places when they are assigned special meanings and values which attract tourists. His research suggests that the meaning attributed to place was influenced by pre-visitation variables, including existing knowledge, and environmental preferences and experience. He added that place meanings are constructed in the context of previous travel history, destination preferences, psychological motivations for travel, the type of travel, and place of origin. Young (1999) extends understanding of the meaning of place; however, his findings may have been limited by the use of a quantitative survey that was researcher driven. Emotions and feelings toward the place were ignored in his research.

Thus, tourist place is not necessarily an extraordinary place; it becomes remarkable and unique through emotions and experiences in tourist-place relationships. Tourist place is meaning and relational and it can be speculated that making a relation is a kind of place bonding.
2.2. Place Bonding

Scholars from different disciplines categorise people–place relationships by different terms such as sense of place, place attachment, place identity, place dependence, community attachment and place bonding. However, place bonding has received limited attention and the research that has been conducted has also been limited. For example, Hammitt et al. (2004) study the person-place relationship in trout fishing and they developed a model of place bonding with five dimensions including identity, dependence, rootedness, belongingness and familiarity. Although they used the term ‘place bonding’, their definition and operationalization of this term is similar to those that other researchers have applied for place attachment.

In summary, place bonding has not been sufficiently differentiated from other people-place concepts and some of its dimensions are taken from structural elements of other people-place constructs such as place identity and place dependence. Other dimensions such as rootedness, belongingness and familiarity have not been conceptualized and defined clearly. The following section briefly provides reasons of choosing ‘place bonding’ as the most relevant term for people-place relationships in the tourism context and suggests a new definition for place bonding.

2.2.1. Why place bonding?

Apart from the ontological point of view which was mentioned above, linguistically its gerund tense (i.e. ing form) is more appropriate to demonstrate the on-going dynamic nature of tourist-place relationship along with on-going changes happening in a place and in us as human beings as Crouch (2010) believes that “time and emotion can deliver the change”. The term ‘place bonding’ has a sense of ‘on the move’, ‘changing’ and on-going process. Moreover it gives a good sense about the on-going nature of ‘becoming’. In addition, Emotions, affective skills and sensation play an important role in the process of place bonding.

Affective aspects of places are significant in emotional geography (Davidson et al., 2012). Thrift (2004) highlights the affective skills “as a kind of thinking, connecting bodies and connecting bodies to the world” (In Knudsen and Waade, 2010, p.5). Emotional geography is a combination of phenomenology and constructivism to understand how emotions and places are related; a point already raised by Gnoth (1997). On the other hand, Merleau-Ponty (1945) also believes that sensations and affects are the means for understanding and thinking. Thus from this point of view, not only the gaze of the tourists but also the tourist’s body has a role on how they feel and how they understand. Massumi (2002, p. 1) writes on body “it moves, it feels, and it feels itself moving … whereby each immediately summons the other”.

In this sense, place bonding can be defined as pleasant moments that tourist is subconsciously aware of an experience through his senses and body movements in a good timing which is equal to happiness. In the process of place bonding, tourist feels some pleasant emotions which are known only to himself/herself.

2.3. people-place relationship as a process

Several studies (Cross, 2001, Seamon, 2013 and Shamai, 1991) have revealed that establishing a people-place relationship is based on a process rather than dimensions. For example, in 1991, Shamai also reports that there are different levels of ‘sense of place’ among Jewish students and categorized the levels as: “0) Not having any sense of place 1) Knowledge of being located in a place 2) Belonging to a place 3) Attachment to a place 4) Identifying with the place goals 5) Involvement in a place and 6) Sacrifice for a place” (P.349,
This research is a good example to show that feeling for a place happens in a process. Overall, there seems to be some evidence to indicate that place bonding is a process that people go through and become loyal to a place.

3. The Proposed Model

As previously noted, a major part of the literature has focused on the dimensions such as place identity and place dependence to study the people-place relationship. However we propose that this relationship is established in a process which can be studied through three stages: pre-visit, visit, and post-visit. In this section, we discuss each stage briefly and highlight the important constructs in this process.

3.1. Pre-Visit (Anticipatory Stage)

Tourists can develop a sense of place bonding prior to their visit to the destination. The pre-visit feeling of bonding, as Halpenny (2006) mentions, can be formed by stories and narratives that the tourists hear from family, friends, social media and destination marketers. In addition, Knudsen and Waade (2010) call this feeling of bonding as desire and they argue that novels, films, television series and documentaries which present the place can stimulate the ‘desire’ to visit a holiday destination. Gnoth (2013) discusses that tourists turn space to place by being there or at least imagine to be somewhere, then by gaining the concept related to a space they generate meaning. In this stage, there is a realization of need which results from the curiosity for a certain experience (Gnoth and Anwar, 2000), so the need to have a particular experience stimulates a motivation to visit a place that the tourist perceives all the features to meet their needs. Gnoth (1977) believes that motivation depends on outer-directed values and has a significant role on satisfaction formation on inner-directed values. Using Apter’s concepts (1982), ‘meta-motivational’ goals also stimulate tourists’ desire to visit the destination and use it for their own ends. Thus, place bonding can be considered as a product of satisfaction (Hwang et al., 2005). or happiness. It can be extrapolated that hope for a good holiday even makes this stage more emotional. Hence, strong motivation, imagination of a desirable self and desirable moment of ‘being’ in the destination make a relationship between the tourist and the place and nourish the process to move to the next level.

3.2. Visit (Experience Stage)

In this stage, the tourist takes the role of a dancer and starts flirting with the space (Crouch, 2010) through his emotions and body movements in an activity. Gnoth (2013) declares that “turning space into place means, ‘going there’, ’doing things’ ‘feeling things’ in your body or in your mind”(p.3). From the review of the literature, it can be speculated that tourism is all emotions and place can intensify these emotions through the functional aspects (i.e. tangible and intangible) and its sense of place. Prayag and Ryan (2011) identifies the factors that generate place attachment and explores the relationship between the ‘push’ and ‘pull’ factors of a destination and they found out that there is “a linkage between a destination’s salient attributes (pull factors), holistic images, push factors, and place attachment for repeaters” (p.139). Functional (i.e. pull factors) and affective (i.e. push factors) values of the destination keep tourists motivated to ‘have a good time’. It can be concluded that tourist experience can be influenced by pull factors such as scenery, climate, infrastructure, accommodation socioeconomic environment, convenience and safety (see Bowen and Clarke, 2009). In addition, the impact of push factors such as atmosphere, adventure and novelty, and interpersonal relationships was investigated as well in tourist experience context (see Bansal and Eiselt, 2004).
On the other hand, performativity authenticity plays an important role in this interaction. Knudsen and Waade (2010, p. 1) declare that regarding performativity authenticity “meaning and feelings of self and place are both constructed and lived through the sensuous body”. The concept of performative authenticity not only includes the visual signs, gaze and imaginations, but also a tactile body, movements, actions and emotions (Knudsen and Waade, 2010, p.12). Hence referring to the proposed definition of place bonding, it can be extrapolated that the more pleasant and emotional moments of performativity, the more memorable experiences will come up which lead to loving of the place. In this stage, tourist and place interact with each other and make a relationship in which emotions and experiences are emerged. As different types of relationships are established in this stage, it can be speculated that there are different levels of bonding.

The proposed model also extrapolates the role of constructs such as moods, companionship and modes of transportation in the process of place bonding as it is believed that those constructs can change the meanings and experiences in the holiday destination and change the types of relationship so it is recommended that further research be undertaken in this area.

3.3. Post-Visit (Reflective Stage)
The process of place bonding is fully generated at the end of the experience stage. The tourists’ desire of revisit is a sign of place bonding although they would never come back again. Last stage as a reflective stage shows place bonding’s intensity.

Braun-LaTour (2006) highlight the role of memories of the prior vacation in making future travel plans. Therefore, it can be extrapolated that memory works and brings back all those pleasant emotional moments through the memory itself, photos and souvenirs and changes the motivation toward the destination, so this stage would lead to longing for a revisit or spreading positive word of mouth reflecting a high level of bonding.

Figure 2: Proposed Model of Place Bonding Process

4. Conclusion and Future Research
The main goal of the current paper, as a part of an on-going study, was to explain place-bonding as a process. The paper also proposed a model to investigate the process of place bonding through pre-visit, visit and post-visit. Thus, this process of place bonding needs to be investigated by further research specially to find out how emotions and experiences are developed in this process. Future trials should assess the impact of the constructs proposed in the model on the level of place bonding. Another possible area of future research would be to establish a stratification model for levels of place bonding.

5. References


Self-Control and Temptation in Consumer Snack Choices under Conflict

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Abstract
Previous research examines conflict to understand how people make choices in single and multi-alternative situations. This study examines consumer snack choices under situations of motivational conflict namely approach-approach and avoidance-avoidance, to uncover how consumer temptation and the ability to resist when choosing snacks. Data was collected using a between subject experiment and analysed via logistic-regression. Findings show that temptation, self control and individual factors determine the likelihood of an alternative being chosen. This has implications for the design of marketing strategies aimed at encouraging healthy snack choices, which should include prominent references to long-term health benefits preventing ego-depletion.

Keywords: Conflict, choice, self-control, ego depletion, temptation.
Track: Consumer Behaviour

1. Introduction
Despite the prominence of health concerns relatively to the increase of overweight population and the impelling need to optimise the resources allocated by policy makers, research in marketing aimed at examining the role of psychological factors that underpin (unhealthy) consumer snack choices is still considerably limited. In particular, there is dearth of literature examining the effects of self-control in snack choices, which are a typical instance of choice conflict, especially due to the presence of temptations.

When choosing a snack under conditions of conflict, such as ‘approach-approach’ and ‘avoidance-avoidance’ conflicts, self-control and temptation are likely to affect consumers’ food choices. Self-control is an individual’s ability to override the incipient behavioural response pattern with a different one (Benabou & Tirole, 2004) and it often implies counteractive tactics aimed at avoiding ego depletion, i.e. the inability to regulate response behaviour (Baumeister, 2002). At present, it is unclear whether these two mechanisms and the prompting of temptations will affect the consumers’ ability to make healthy snack choices. Since this is relevant to marketing strategies aimed at affecting positively snack choices (see the National Health Service campaigns in the UK), the present research is aimed at examining self-control and temptation when choosing a snack from a set of alternatives. The paper is organised as follows. We first introduce the background literature on the concepts of choice conflict, self-control and temptation. We then provide an overview of the research methodology used and the outcomes of the analysis of a 2x3 between-subjects experiment. Finally, we discuss the implications of our research findings and the directions for future research.

2. Background

2.1 Choice conflict
Choice conflict refers to individuals’ internal conflict experienced when choosing between competing alternatives (Houston, Doan and Roskos-Ewoldsen, 1999). Although there is no agreed definition or measurement of conflict (Tversky & Shafir, 1992), the concept is often
defined as ‘the relative advantages and disadvantages of one alternative as compared to another’ (Luce, Jia, and Fischer, 2003, p. 464). Two types of between-alternatives conflict have been identified in the literature including the approach-approach conflict and the avoidance-avoidance conflict (Houston, Doan and Roskos-Ewoldsen, 1999). The approach-approach conflict arises where the individual’s evaluation of choice alternatives is positive, thus leading to a conflict between two equally desirable options. The avoidance-avoidance conflict arises where the individual’s evaluation is negative for both alternatives, thus the individual is faced with two un desirable options.

Conflict has been found to affect consumers’ decision making (Tversky & Shafir, 1992; Bettman, Johnson, Luce & Payne, 1993). Specifically, conflict seems to affect the size of the evoked set, the extent of information processing as well as the likelihood of delaying or deferring choice (Moorthy, Ratchford & Talukdar, 1997; Luce, Jia & Fischer, 2003). In the context of food consumption, research has identified choice conflicts based on values underlying the choice of food options such as health versus pleasure goals (see Luomala, Laaksonen, & Leipamaa, 2004). Consumers approach healthier options (e.g. fruit or low fat yogurt) that fulfil their long-term goals of healthiness, yet recognise that unhealthy options such as chocolate can fulfil short-term goals such as indulgence (Luomala, Laaksonen & Leipamaa, 2004). This is underpinned by the following mechanisms. According to the Goal System Theory, personal goals direct one’s behaviour and are processed in memory like any other concept. That is (Shah and Kruglanski, 2003): (i) they are memorised in the more permanent area of memory storage (long-term memory) and subsequently retrieved via ‘stimuli-based’ activation (i.e. activation is ‘triggered’ through exposure to an external stimuli); (ii) the frequency of activation makes them more prominent in memory; and importantly. Therefore, as argued by Benabou and Tirole (2004), drawing on personal goals when directing decisions is dependent of one’s ability to recall past actions, which is often imperfect. This implies that imperfect recall may result in an unconscious manipulation of one’s perceptions and payoffs, especially when outweighing short-term and long-term benefits. Moreover, according to neuropsychology research, there are two separate but interacting neural systems that control decision-making: the impulsive system (amygdala), which signals pain or pleasure of immediate prospects; and the prefrontal cortex, which signals pain or pleasure of future prospects (Bechara, 2005). Given this cognitive framework, one’s ability to ‘inhibit competing alternatives to a focal goal’ determines self-control (Shah and Kruglanski, 2003) and the ability to achieve the focal goal, i.e. choosing on the basis of long-term, rather than short-term prospects.

2.2 Self-control and Temptation

According to Baumeister (2002), self-control (or self-regulation) is the ‘self’s capacity to alter its own states and responses’ (p. 670) or, as per Metcalfe and Mischel’s (1999) earlier definition, ‘the ability to inhibit an impulsive response that undoes one’s commitment’ (p. 3). As such, self-control implies an individual’s ability to override the incipient behavioural response pattern with a different one (e.g. different thoughts and emotions, regulation of impulses or alteration of the performance) (Baumeister, 2000). Hence, it prevents people from succumbing to short-term gains and impulses at the expense of long-term benefits (Benabou & Tirole, 2004). Therefore, by definition, self-control is configured as an unconscious mechanism that enables one to resist temptations by overriding the activation of short-term goals with the activation of long-term goals (Shah and Kruglanski, 2003). This clearly applies to choice conflict contexts, which are likely to trigger self-control dilemmas and result in counteractive self-control.
According to Shah and Kruglanski (2003), the self-control dilemma is best described as an internal conflict between contrasting ‘behavioural plans’, e.g. resisting a temptation vs. indulging. Therefore, counteractive self-control occurs in any situation where individuals are debated with a contrast between short-term outcomes and enduring benefits of a certain activity (see also Trope and Fishbach, 2000). In particular, whenever counteractive self-control will fail the individual experiences what is commonly refer to as ego depletion, which makes them unable to regulate response behaviour in order to attain long-term benefits (Baumeister, 2002). In line with the Strength Model of self-control, individuals exert counteractive self-control to prevent ego-depletion and diminishing self-control in future tasks (Job, Dweck and Walton, 2010).

Another concept relevant to self-control is temptation, which is grounded on conflicting desires for different goals (Fishbach & Shah, 2006). Importantly, temptations elicit counteractive self-control and only if the self-control will shield the value of the temptation the individual will carry on with the preferred long-term outcome (Trope and Fishbach, 2000). In the context of food temptations represent a threat to the achievement of long-term food regulation goals (Fishbach, Friedman, & Kruglanski, 2003). For example, when consumers are exposed to an unhealthy snack (e.g. a cake) triggering a desire that interferes with long-term goals such as being healthy (Geyskens, Dewitte, Pandelaere, & Warlop, 2008). Importantly, research on food choice conflicts shows that individuals are aware of the un-healthiness of ‘bad temptations’, such as chocolate and cake (Geyskens, Dewitte, Pandelaere & Warlop, 2008), but at the same time consider self-indulgence as an essential aspect of their food intake (Luomala, Laaksonen, & Leipamaa, 2004). Individuals thus approach temptations because they fulfill temporary hedonistic goals that are in conflict with longer-term health goals, suggesting that consumers strive to counterbalance multiple and diverging goals (Kruglanski 2002; Fishbach & Shah, 2006). When faced with a temptation, individuals exercise a number of strategies in order to adhere to a long-term goal such as to maintain weight or to stay healthy and avoid giving into a short-term indulgence goal such as eating a piece of chocolate cake (Fishbach & Trope, 2005). In particular, individuals can regulate or control themselves via thoughts, emotions, desires and behaviour in order to adhere to their personal goals or expectations (Gailliot & Baumeister, 2007). For instance, consumers can place more emphasis on health goals by becoming more health conscious or choosing alternatives based in nutritional values. To this end, in an attempt to understand the role of temptation and self-control in snacks choice, this study is also examining the role of taste, health and pleasure, as well as health consciousness.

In the light of the literature considered, the key research question addressed can be summarised as follows:

**RQ: What is the impact of self-control in snack choices in the presence of temptations?**

The following sections discuss the methods and the data used to address this question, followed by the empirical findings and a discussion of the conclusions identified.

### 3. Methods & Data

A 2 (conflict types) x 3 (choice sets) between-subjects experiment was conducted at the BBC Good Food Show in Birmingham, UK. The Good Food Show attracts over 250,000 visitors over a five days period. Visitors were approached and asked to participate in the research. The respondents were randomly assigned to three groups; each group was prompted with a different snack choice set (Set A: chocolate bar vs. fruit, N=200, Set B: doughnut vs. chocolate cake, N=192; and Set C: cereal bar vs. fruit, N=129), triggering choice conflicts. A
manipulation check was performed to select the choice sets with 15 participants aged 25 to 55. Following the check, choice set A was classed as ‘approach-approach’ conflict in that participants recognised attractive features in both options, but competing goals (e.g. pleasure vs. health) (Luce, Jia, & Fischer, 2003); choice set B was classed as ‘avoidance-avoidance’ conflict in that participants recognised negative features in both options but non-competing goals; and finally choice set C was classed as ‘approach-approach’ conflict in that participants recognised attractive features in both options and also non competing goals (e.g. health). Following the random assignment to a group and relative choice set, respondents were then prompted with a scenario such as ‘Imagine…it is 4pm and you have decided to have a snack. You go to the canteen/store/coffee shop and find that there are only two choices left’ and then asked to choose one option from the set of snacks they were presented with. Subsequently, respondents were asked to answer questions measuring the impact of temptation, and self-control. The measures for temptation and self-control were based on previous literature. Temptation was captured by two measures: ‘how tempting was it to choose the 1st/2nd choice?’ Four items were used to capture self-control including ‘I have the will power to resist the 1st/2nd choice’ and ‘I can resist the urge to choose the 1st/2nd choice’. All measures carried a scale of 1 to 7.

4. Empirical Findings

Due to the dichotomous nature of the dependent variable, a binary logistic regression was employed for the analysis of the different choice tasks. In addition to temptation and self-control, several other covariates were included in the analyses, such as gender, age, health-consciousness, importance of taste, health, pleasure, and nutritional value as well as self-reported views of respondents’ diet as healthy and balanced.

As reported in Table 1, the analysis in the choice set A shows that the likelihood of choosing the chocolate bar is 1.22 times higher for people who are highly tempted by chocolate, and 1.41 times higher for those with a stronger self-control to resist fruit. On the other hand, the likelihood of choosing the chocolate bar decreases as fruit temptation increases (odds ratio = .83) and for people with a strong self-control to resist fruit (odds ratio = .73). In the choice set B, the likelihood that the cake will be chosen is 1.66 times higher when cake temptation is higher while decreases significantly as doughnut becomes more tempting (odds ratio=. .70). Finally, in the choice set C the odds of choosing the cereal bar are higher when cereal temptation is high (odds ratio = 1.21), while lower for people whose self-control to resist cereal is high (odds ratio = .68). In addition, the likelihood of choosing the cereal bar is 1.23 times higher for people who state their diet is healthy & balanced. Additionally, the likelihood that the cereal bar will be chosen is lower for people who do not think health and pleasure in snacking are of importance (odds ratio = .57 and .66 respectively), while 1.62 and 1.72 times higher for those who do not value taste or nutritional value respectively. Finally, the covariates considered were not significant.

Table 5 Predictors for different snack choice sets

<table>
<thead>
<tr>
<th>Choice sets</th>
<th>(A) Chocolate bar vs. Fruit</th>
<th>(B) Truly scrumptious chocolate cake vs. Doughnut</th>
<th>(C) Cereal bar vs. Fruit</th>
</tr>
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<tbody>
<tr>
<td>Predictors</td>
<td>B</td>
<td>p-value</td>
<td>Exp(B)</td>
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<tr>
<td>Chocolate bar temptation</td>
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<td>.01</td>
<td>1.22*</td>
</tr>
<tr>
<td>Fruit temptation</td>
<td>-.18</td>
<td>.01</td>
<td>.83*</td>
</tr>
<tr>
<td>Chocolate cake temptation</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Doughnut temptation</td>
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<tr>
<td>Cereal bar temptation</td>
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<td>Self-control to resist chocolate bar</td>
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<td>.01</td>
<td>.73*</td>
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5. Discussion & Conclusions
This study examines individuals' snack choices under conditions of conflict in an attempt to explore the role of temptation and self-control. Consistent with the literature on self-control, the results confirm that temptation and self-control are significant predictors of snack choice under conflict. Individuals recognise 'bad temptations' such as chocolates and cakes (Geyskens, Dewitte, Pandelaere & Warlop, 2008), but at the same time they approach them to fulfill temporary hedonistic goals. In the current study we also find that the choice of snack is determined by how tempting alternatives are. Particularly, in avoidance-avoidance conflicts such as the truly scrumptious chocolate cake vs. doughnut decision, temptation is the single most significant predictor of choice. In addition, the self-control to resist an option decreases the likelihood of choosing it and raises the odds of choosing the alternative one. This is more obvious in choice tasks between alternatives with higher attribute conflict, such as the chocolate bar vs. fruit decision. This suggests that individuals may attempt to exert counteractive control to avoid choosing the tempting snack option (e.g. chocolate), in order to adhere to long-term goals (e.g. maintaining weight or staying healthy) and to avoid ego-depletion (Gailliot & Baumeister, 2007). However, snack choice under approach-approach conflicts will also depend on individual characteristics of consumers, namely the importance they attach to health, pleasure, taste, and nutritional value of their food.

These findings have implications for social marketing campaigners in persuading individuals to refrain from unhealthy snacks, such as chocolates and cakes, in an attempt to battle obesity. First, whilst on the one hand the findings confirm that individuals can be persuaded to approach healthier options by encouraging them to adhere to long-term goals and refraining from unhealthy snack options that serve short-term self-indulgence goals (which is a common practice among marketing campaigns aimed at promoting long-term health benefits and the value of the self), on the other hand these findings illustrate that the extent to which such strategies will success depends on individual characteristics of consumers. Second, the outcome of this study also suggests that communication campaigns should take into explicit account the importance of the counteractive control that individuals are likely to exert when choosing snacks. For example, campaigns should promote and illustrate how individuals can avoid ego-depletion mechanisms (e.g. binge eating).

Despite its important implications, our study however is not without limitations; for instance, our manipulation of conflict is not exhaustive. Future research should incorporate different and larger choice sets with conflicting alternatives, as well as additional predictors of consumer decision making, namely framing effects, valence of temptation and decision...
heuristics that determine consumers’ everyday food choices, such as preference for variety (Bettman, Luce, & Payne 1998; Simonson 1990).

References


Achievement-Based Celebrities As Objects & Instruments Of Consumption

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Abstract

Celebrities dominate the public sphere as protagonists of the media spectacle. This qualitative research project investigates consumer behaviour towards achievement based celebrities using football players as an example. The data presented here are drawn from critical incidents collected through five focus groups with a total of 31 participants in the two major cities of the country. We conceptualize celebrities as instruments and objects of consumption in multiple and diverse ways. The results confirmed earlier empirical studies of isolated consumption modes and added new ones, previously unexplored, consumption patterns thus setting the scene to further elaborate emergent theory. The analysis provides a framework of categorizing the modes of consuming celebrities. It is demonstrated that footballers are commodified primarily as objects and their instrumental role (e.g. as endorsers) is secondary.

Keywords: achievement based celebrity, consumer behaviour, objectified and instrumental consumption
Track: Consumer Behaviour

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1.0 Background of the study

As we write this report on our study of consumption modes associated with celebrities, the world is gripped by 2014 FIFA World Cup Brazil™ fever. Lionel Messi is trending on the official FIFA site at the rate of 690 tweets per minute but his team, Argentina, although scoring very high in relation to other teams, has only one tenth of his total mentions. The attention he attracts earned him the 10th place in the Forbes social rank, the 39th in terms of power and enough money to place him in the 48th place in the list of world celebrities (Pomerantz, 2013) as well as 60 million followers on Facebook. Half of his 2013 earnings were his salaries, and the other $20 million were endorsement fees (Kerr, 2013). Moreover, despite his being Argentinian he moves the most shirts across Spain and almost as many as the nation’s pride and joy, the Spanish national team (Paton, 2011).

The interplay between the game, its institutions and the star players in terms of how they influence consumer behaviour is most interesting from a marketer’s perspective as they each drive the other. Cristiano Ronaldo, the Portuguese striker of the Spanish team Real Madrid, had 60 million Facebook fans before the World Cup started but, half way through it, has grown to almost 90 million. The power of celebrity footballers to sell, however, does not necessarily follow the ebbs and flows of their careers. David Beckham’s autobiography is the 10th most successful one of this century and is still selling over a year after his official retirement (Chalabi, 2013). The marketing literature, however, has so far focused on the power of celebrities to increase brand awareness or liking of the endorsed (Carlson & Donavan, 2008; Erdogan, 1999; McCracken, 1989; Tzoumaka, Tsiotsou, & Siomkos, 2014)
or cobranded (Keel & Nataraajan, 2012; Seno & Lukas, 2007) products. What we hereby attempt is to go beyond the advertising and branding logic and explore the broader manifestations of celebritisation as commodification in a marketing context.

First we reconceptualise the literature on celebrity consumption patterns, focusing on association football players and then we employ focus group data collection and content analysis techniques to verify and further explore in depth the patterns of celebrity consumption as an interim step to understanding how cultural meanings are conveyed in it and how consumer cultures are formed and propagated.

2.0 Conceptual foundations and purpose of the study

We adopt a conceptualisation of celebrities as people that have been transformed from “the ordinary and the mundane” to “objects of delight, desire, and fascination” (Kerrigan, Brownlie, Hewer, & Daza-LeTouze, 2011, p. 1510). We specifically focus on those people that have been ‘othered’ because of their talent and hard work in a systematically pursued endeavour of their choice. The status of these people is termed ‘achieved celebrity’ and is defined as fame, interest and attention earned through the person’s accomplishments in open competition (c.f. Rojek, 2001). Achieved celebrity status is thus clearly distinguished not only from the meritless publicity of ‘celetoids’ that are known for their ‘well-knownness’ (Boorstin, 1961/2012) but also from the ‘ascribed celebrity status’ of bloodline which is endowed on people by being born into a famous family or from ‘attributed celebrity’ which is conferred on the chosen by the cultural intermediaries through the consistently repeated representations of a willing person as somebody exceptional.

We have thus chosen Association Football (also known as soccer) players as the subjects of our study as they are, as shown in the examples above as well as the exposure they get on the mass media, global mega brands generating a boost of an almost half a million Euros a season (Brandes, Franck, & Nüesch, 2008) over the average €2.1 million revenue per match that the top European clubs make (KPMG Sports Advisory Practice, 2011) and levels of adoration rarely found in other prominent groups of professionals. Indeed, psychologists have found that celebrity athletes generate emotions that often reach adoration at levels higher than those of any other celebrity category (McCutcheon, Lange, & Houran, 2002). From the perspective of the anthropologist, it is specifically soccer players that are seen as sitting on the blurred borderline between sport, religion and witchcraft and akin to contemporary religious icons transcending cultures and nations (Eriksen, 2001, p. 226). It is important, in terms of understanding football culture in terms of consumption modes, to note that celebrity footballers’ relationship with consumers is built primarily on admiration for their achievements (Banister & Cocker, 2014). Studies in psychology (Immordino-Yang, McColl, Damasio, & Damasio, 2009) have empirically demonstrated that displays of virtuosic skill incite the desire to be skillful and, most importantly, motivate audiences to reward the object of their admiration.

In this paper we explore the forms this reward takes from the perspective of the consumer. We seek to elucidate how football fans actually reward their favourite football stars either directly, by putting them in the place of objects of consumption or indirectly, by acquiescing to their instrumental role in selling other objects.

2.1 Celebrity Consumption
It has often been noted that the consumer behaviour patterns evolving around celebrities blur the boundaries between humans and commodities. Celebrities associate themselves with brands through cobranding, endorsements or advertising contracts thus humanize the process of commodity consumption. In this case, we propose, they act as instruments of consumption. At the same time, celebrities promote and recast themselves through their mass media communication strategy in order to commodify themselves (Lair, Sullivan, & Cheney, 2005) thus fanning and then leveraging other people’s “desire to possess them” (Rojek, 2001, p. 15). In this sense, we propose, they become objects of consumption as people read about their love affairs in gossip magazines; buy their DVDs and queue for hours to get their autographs.

Table 1: Celebrity Consumption: Modes, literature and proposed conceptualization

<table>
<thead>
<tr>
<th>Consumption Mode</th>
<th>Explored in * Sport study ** Football Study</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attending live games</td>
<td>(Brandes, et al., 2008)<em>; (Beccarini &amp; Ferrand, 2006)</em>; (Hansen &amp; Gauthier, 1989)<em>; (Trail &amp; James, 2001)</em>; (Woo, Trail, Kwon, &amp; Anderson, 2009)*</td>
<td>✓</td>
</tr>
<tr>
<td>Watching on TV</td>
<td>(Carlson &amp; Donavan, 2008)*</td>
<td>✓</td>
</tr>
<tr>
<td>Buying his shirt</td>
<td>(Leslie, 2011)*</td>
<td>×</td>
</tr>
<tr>
<td>Buying advertised, endorsed or cobranded products</td>
<td>(Tzoumaka, et al., 2014)**; (Carlson &amp; Donavan, 2008)*; (Erdogan, 1999); (McCracken, 1989); (Keel &amp; Natarajan, 2012); (Seno &amp; Lukas, 2007)</td>
<td>✓</td>
</tr>
<tr>
<td>Patronising his business</td>
<td>(Hunter, Burgers, &amp; Davidsson, 2009)</td>
<td>✓</td>
</tr>
<tr>
<td>Ask for autograph</td>
<td>(Radford &amp; Bloch, 2013)</td>
<td>×</td>
</tr>
<tr>
<td>Voting</td>
<td>(Marsh, ‘t Hart, &amp; Tindall, 2010)</td>
<td>✓</td>
</tr>
</tbody>
</table>

We hereby (Table 1) summarise the extant literature on celebrity consumption patterns from a marketing, sports management and psychology perspective. The studies chosen have specifically and, most importantly, empirically explored the effect a celebrity has on the consumption and found it to be significant. We highlight our proposed reconceptualization (Category in Table 1) of modes of celebrity footballer consumption into instrument (I) and / or object (O) of consumption alongside each consumption mode and the studies (arranged in order of relevance to our study) it has appeared in.

3.0 Research Design and Data Collection Method

In this study we explore the consumption modes through the fans’ own words collected in focus groups (FG) to encourage participants’ quickly moving from the question-answer style that reconfirms known patterns to spontaneous discussions of various themes emerging as a result of informal group interaction (McDonald, 1993). The focus group sampling criteria were: sport fans of varying degrees of sport and team affiliation and of maximum demographic variation. Participants were recruited through an on-line survey which we promoted with banner advertising, content marketing on electronic media and social media. After contacting the 542 qualifying candidates (43% response rate) we employed team segmentation mode and organized five meetings in university premises in the two largest cities in the country. We had a total we had 31 attendees. The majority of participants (90.32%) were male between 20 and 63 years old (average age 29) split in half between high school and college graduates, employed and unemployed one with 42% living under their parents’ roof and 2 out 10 being parents themselves. The distribution of annual
household income roughly reflected the general population of the cities. We manually coded the transcripts of the full 90-110 minute long FG sessions using QSR NVIVO 10 employing node aggregation. Participants are identified by their first name initial and age.

4.0 Findings and discussion

All consumption modes except buying advertised products were mentioned. Field attendance was, as expected, the most popular consumption mode but what came through very strongly was the high level of object vs instrument of consumption in quotes such as “I also went to matches I wouldn’t normally attend... Probably just to see him! To cheer for him, because he contributed what he contributed and many other things.” (V26) and “Guys would go and watch [a veteran]...they would go to another city, fans of other teams... just because [he] played” (K38). Favourite players are also consumed under any possible circumstances as in friendly matches or practice “I recall [foreign veteran] had come to train and the stadium was full and we welcomed him like a Messiah... You see some players have become like Gods, he came for a practice...and the stadium was full... we were there, I was there too!” (V49).

Finally, though rare, it is possible for a star player to even supersede team affiliation in cases of superstardom status due to skills and fame as F18 states: "[He] is the only player I would go to the stadium for. For everybody else it takes more of a motive." Further to watching games on TV participants reported that they peruse all sorts of media content on their favourite player: “And even if you don’t follow him on Facebook, once twice or three times a month, you will go online, you will watch his goals, you cheer for him again. You know on You Tube!” or buying the player’s personal videotape “to keep his moments, his image” but also to support “his effort with mine” (S38) because the player faced financial problems. We even have evidence of the desire to consume media regarding the player prevailing other desires as in V26’s story: “I remember when he gave an interview for [a lifestyle magazine] not only did I buy the issue for his interview but I chose the edition with him as a cover while the alternative was [a sexy female model], Can you imagine?”. Most participants had bought their favourite player’s shirts. F23 summarized it aptly and got enthusiastic nods and a-has from the other participants: “I bought a shirt with a player’s name on only once in my life...in 2004 [he] scored an awesome goal, a truly awesome goal; I saw it on TV... In November 2009 I bought his shirt... it was not an impulse buy: I could not find it all these years... I found it in a team shop I think and it was the one left over... in a crazy size, that is it would not suit me even if I gained 10kg it was a 3XL or 4XL. I bought it just for this reason! Because I remembered this thing, ok who has forgotten it? Just because I liked what I had seen so much”. They buy them as part of a collection, as presents, or for their children to wear to football practice. The instrumental role of the player in relation to the shirt as a consumption item is demonstrated only in the form of destroying it in order to punish player disloyalty to the team. The need to attain memorabilia might they be an autograph or a signed t-shirt is the ultimate objectification action similar to erotomanic behaviours as expressed by P22: “I once run into him in 2005, in [a sports brand] boutique... we had our picture taken together ... and I bought a plain shirt and had him sign an autograph on it, you know on the shirt. Never washed it since!” Yet patronising his business is not unconditional but rather subject to fans’ moral evaluation of the business itself. A pawn shop is “ridiculous” (J24&C26); a betting office “whets your appetite for football” (V49&J24) and if the player opened a coffee shop they “would even pay [double the normal price] for a cup of coffee” and “line up... to see him in the flesh” (Y22&S63). For the participants to our study, there is little instrumental and extremely high object value in patronizing a footballer’s business and none in supporting his political activities. None of them would vote for any footballer since “Being a good soccer player does not mean they are also good politicians” (L29) and they justify examples like the
167,460 votes the former national team’s captain received a European Parliament candidate to team fanaticism that leads people to irrational decisions.

5.0 Conclusions and Further Direction

This study is the first to provide a coherent analytical framework and a comprehensive listing with in-depth insights into the modes of consumption induced by achievement based celebrities. The framework is innovative in its categorization of celebrities as objects and instruments of consumption and as such the first to position the endorsement perspective in a broader conceptual space combining diverse literature streams with original FG data.

When consumers are allowed the initiative of narrating life stories to describe their consumption modes it is clear that the footballers are perceived as objects of consumption and their instrumental role is rather secondary and unable to stand alone as the fans in our FGs completely disregarded their objects of adoration potential to act as advertising vehicles despite their, when directly asked, demonstrating their being fully aware of their various advertising projects. Still taken that attention capacity is limited and that media are dominating the public sphere (Bandura, 2001) the attention gathering quality of celebrities remains this last example along with setting an example for children and young adults as role models (Martin & Bush, 2000) constitute perhaps the most subtle but important celebrity influence in consumer culture.

Many of the reported consumption behaviours have an underlying current of being motivated by deservingness (as described in Feather, 1999) and a desire, on the part of the fans, to reciprocate the value they have enjoyed by supporting a variety of activities their favorites are involved in - even after they have stopped playing for their team or have retired. We thus propose that further investigation is merited on the mechanism behind this deservingness. Further research should focus on the specific characteristics appreciated by consumers and the way they affect their stances and attitudes towards celebrities in different consumption modes varying from field attendance to even voting them for a seat in the parliament.

Finally, although not strictly speaking within the realm of consumer behavior, we thoroughly enjoyed the case of a Brazilian player who played for the domestic champions’ team, now retired but much respected and extensively discussed by the participants of all focus groups. After they extolled his virtues in the most enthusiastic of terms such as: “Well [he] is worship... he is soul...he is idea... he is... he is many things... He was the whole package” or “There is no explanation, I loved him! It’s as simple as that”, our Christian Orthodox participants concluded that “Even if he went into a church, despite its being a Catholic church, I’d still go in”.

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GUANXI AND CHINESE BRAND LOYALTY

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Abstract

This exploratory study examined how brand loyalty can be established in a non-Western market where Chinese customers are motivated to be loyal to a brand by cultural drivers, specifically guanxi (personal relationships) and mianzi (face). The brand loyalty of Chinese customers for financial products in Hong Kong and mainland China was investigated using a qualitative, grounded theory approach. Nine semi-structured, in-depth interviews were conducted with three expert interviewees. The results demonstrate that companies can cement client loyalty through using guanxi as an attitudinal trait to secure introductions in a buyer-seller relationship. Sellers strive to join a client’s guanxi network and then accumulate credit for offering good value and showing respect. They trade favours and later call in debts. This has been one of the first studies to use grounded theory to investigate the influence of key Chinese cultural attributes on brand loyalty to financial products*.

Keywords: Chinese, Grounded theory, Brand loyalty, Financial services, Guanxi, Mianzi

Track: Consumer Behaviour

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1. Introduction

Brand loyalty is a very important concept that has been researched extensively for at least four decades (Chaudhuri and Holbrook, 2001). Mianzi (face) and guanxi (personal relationships) have been important concepts since the time of Confucius (551-479 BC), whose ideas form one basis of modern Chinese culture and Chinese traditions. Gu, Hung and Tse (2008) defined guanxi in a business context as the “…durable social connections and networks a firm uses to exchange favours for organisational purposes” (p.12). Wong and Leung (2001) defined mianzi as a person’s social stature or prestige earned from successful performance in the society where it can be can be banked and exchanged for favours at times.

If mianzi and guanxi can be shown to have an impact on brand loyalty, marketing professionals might exploit them in their campaigns as researchers found by reducing defections by just 5 percent, firms could improve profits by 25 to 85 percent (Reichheld and Sasser, 1990). China has the world’s largest population and is now the second largest economy after the United States (Central Intelligence Agency, 2013). Culturally, however, the two nations are rather different. Research on brand loyalty has mainly focused on developed countries and tangible products rather than services, but yet arguably, more efforts should be made to study its impact in the services sector due to its intangibility, variability in quality, complexity and involvement (Berry, 1995, p.237).
This is an exploratory study investigating whether mianzi, guanxi or both are related to brand loyalty for Chinese consumers in the financial sector.

2. Conceptual Background

Hwang (1987) conceptualised mianzi illustrating a social mechanism of how Chinese uses mianzi and renqing (moral obligation to maintain the relationship) to influence people. Mianzi’s influence has been studied in many areas. One such area is face-motivated consumption (e.g. Wong and Ahuvia, 1998; Jiang, 2009). A key finding is that Asian customers believe they must purchase luxury products to improve or save face (Li and Su, 2007).

Researchers have established that guanxi facilitates access to proprietary information in regulations and resource availability. It can speed government bodies’ approval of applications, build a brand’s image and even facilitate the collection of receivables (Davies et al., 1995, p. 211). Xin and Pearce (1996) and Gu, Hung and Tse (2008) identified guanxi as a substitute for formal institutional support. Yi and Ellis (2000) identified guanxi’s benefits such as an increased chance of obtaining sales opportunity leads, but acknowledged that building guanxi can be expensive and time consuming (p. 28-29). Yeung and Tung (1996) identified strong guanxi as a key success factor for operating in China (p. 59), but found that technical competence is also required to sustain success (p. 64). Guanxi is person specific and cannot be transferred, and trust is essential to long-term guanxi maintenance (Yeung and Tung, 1996, p. 64).

Guanxi has been widely studied in terms of its association with business performance. Studies have shown that guanxi correlates with firm performance, including sales growth, market share and return on assets (e.g. Peng and Luo, 2000; Gu, Hung and Tse, 2008). Guanxi also benefits in market expansion and improve competitive positioning, but not internal operations (Park and Luo, 2001). Western suppliers must display competence in areas such as product knowledge to gain xinyong (trust) with buyers in China. Although guanxi is an important factor affecting xinyong, satisfaction is not (Leung et al., 2005). Leung et al. (ibid) showed that guanxi has a bigger effect than other factors like trust in determining customer satisfaction. Verma et al. (2008) highlighted the complexity involved in applying these principles when selling financial services, as customers consider intangible features and market offerings such as perceived guanxi and trust as especially important. As a result, guanxi has received growing attention in relationship marketing studies (e.g. Tomas and Arias, 1996; Gu, Hung and Tse, 2008; Lam, Burton and Lo, 2009). Limited attention has been paid to the use of guanxi in marketing financial services to individual customers to generate brand loyalty. Nolan (2010) suggests efforts to install Western corporate cultures in the financial sector had been ineffective but it is not a lack of knowledge but an understanding of the Chinese culture.

Brand loyalty has been mentioned to be the “holy grail” of marketing (Shugan 2005). Research in this area has been well developed and can be largely generalised into two groups; namely, behavioural loyalty demonstrated by repeat purchases (e.g. Khan, Kalwani and Morrison, 1986) and attitude (e.g. Jacoby and Kyner 1973; Dick and Basu 1994) whereas apart from the behaviour of repeat purchase, it should involve a psychological process such as evaluation. Out of the attitudinal group of research, the concept of “Brand as Relationship” (Fournier 1998; de Chernatony and Dall'Olmo Riley,1998) is of particular relevance to investigating the impact of mianzi and/or guanxi on brand loyalty. Researchers argued that by
developing affective traits such as commitment, passion, intimacy and attachment, it mediate the effect of loyalty intentions (Fournier, 1998; Johnson, Herrmann and Huber, 2006) as well as behavioural loyalty (Chaudhuri and Holbrook, 2001). Following these lines of research, this study aims at studying whether specific cultural attitudinal concepts of building *guanxi* and *mianzi* would mediate the effect on loyalty intentions for Chinese customers.

3. Methodology

This is an exploratory study and therefore a qualitative study methodology using grounded theory is being used. Three Hong Kong Chinese industry experts who held positions of chief marketing/managing executives of financial institutions were interviewed. They were chosen based on their extensive knowledge of client behaviour and brand loyalty by marketing financial services to consumers in Hong Kong and China. One-on-one interviews were conducted and ranged from 60 to 120 minutes in length generating a total of 9 interviews from repeatedly interviewing these three experts as and when theory emerges from the data (Strauss and Corbin, 1990). The interviews followed the eight-step process suggested by Rao and Perry (2004) for use in a convergent theory context. The interviews covered the interviewees’ understanding of *guanxi* and *mianzi* in a consumer loyalty context and examples of times they had used *guanxi* and/or *mianzi* in their marketing practices to financial customers and whether loyalty was improved as a result.

To support validity of the methodology, Strauss and Corbin (1990, p.253-255) suggested seven criteria for evaluating a study’s empirical grounding and another seven for evaluating the adequacy of the grounded theory research process and summarised herein. The statements in the transcripts were categorised using the open coding system by sequential order from the most commonly coded to least commonly coded categories. Those categories developed through open coding system were re-categorised using a set of defined axial coding categories. This method compels assigning each of the participants’ statements to a defined category to ensure that none of the content in the transcripts had been left un-analysed. The consolidated axial coding diagram emerged after repeating the axial coding for the three participants, with clarification requested when necessary. Selective coding was used to put it all together, and the result was taken back to the participants to validate that all scenarios had been covered. Thereafter, all the categories were laid out on a single sheet of paper and linked up to form the storyline. The storyline helped crystalize the linkages and categories to identify the focal point and shifting through “noise” to filter out unrelated categories. The range of variations mentioned in section four below seems to suggest sufficient variation (dense, rich, categorical and tightly linked) is built into the theory that describes the phenomena being studied.

4. Results

To further support the validity of the pilot study, inter-coder consistency was assessed using ten per cent of the transcripts (Wimmer et al., 1991) with the aim of achieving a minimum of 80 per cent simple agreement between two independent codes, as recommended by Krippendorf (1980). Ten per cent of each participant’s transcripts was analysed by a research assistant. This process yielded agreement on five of six codes for Participant A, five of six for Participant B and eight of ten for Participant C. Thus, agreement was found on 18 of the 22 codes (82%).

4.1 Participants understanding of guanxi and mianzi in a customer loyalty context
The participants explained that being Chinese did not necessarily mean that customers would purchase based on guanxi or mianzi alone. Customers would need to determine whether the service or product met their functional or basic product requirements and expectations before guanxi and mianzi came into play. Their second point was the need for the brand to be liked (coded 46 times) whereby such would mitigate the influence effects of mianzi and guanxi had on brand selection. Last of all, open coding results showed that guanxi was coded 67 times whereas mianzi was coded only 16 times. When further explored in the subsequent interviews as this theme emerged, participants explained that developing mianzi is part of the act in order to achieve guanxi.

4.2 How would participants use guanxi and/or mianzi in their marketing and whether loyalty was improved as a result

According to the participants, in order to gain customer loyalty, guanxi needs to be developed covertly by extending an existing guanxi network through introductions. The seller should use guanxi to make such introductions. His or her inner circle is a cobweb-like network that interconnects members (“cobweb” was coded 31 times). There is a centre of power such that the closer one is to the power player, the stronger the guanxi link. Those farther from the centre of power have weaker connections with the inner circle. In a buyer-seller relationship, the buyer must screen and label the seller according to his or her background to determine which guanxi relationship may apply (“screening” was coded 18 times). The seller then tries to install himself or herself in the same camp as the buyer so that the buyer will endorse the guanxi relationship and allow the seller to join the inner circle. (“Guanxi as introducing relationships” was coded eight times under the core category of “guanxi”. “Inner circle” was coded 57 times. “Take a camp” was made a subcategory under “inner circle”). The example below illustrates what “inner circle” meant, being an “in vivo” code where the words and phrases used by participants can function as names (Strauss and Corbin, 1990, p.69):

They never define it, only the inner circle they know…they are all like that, connected….and if you don’t know him, then possibly, “Oh, you don’t belong to that group, you probably belong to the other group”. Then I better not talk about this group anymore, because you may not be friendly with this group. (Participant A)

This also creates a certain amount of mianzi debt in the customer’s mind. When sufficient debt has been created, the seller can ask for a favour in return and therefore call in the debt. The buyer will agree to deal with the seller as a way of returning a favour (“favour trading” was coded 17 times). Pearson’s correlation coefficient relating “inner circle” and “favour trading” had a value of 0.76, signifying a strong correlation between the strategies of the seller trying to enter the “inner circle” and the buyer agreeing to trade favours with the seller. This again indicates a strong relationship between the screening methods buyers use and a seller’s success in joining an inner circle. The entire process has a stronger impact if the services involved are more personalised, big-ticket financial products where higher involvement is required (“big-ticket products” was coded 19 times).

Participants suggest that when they engage in guanxi marketing, it would result in improvements in key performance indicators such as profitability, cost, retention and cross-selling rate for sellers. However, these tactics are subject to constraining conditions. Chinese customers calculate their brand loyalty by asking the question, “what’s in it for me?” The
buyer calculates the worth of buying in with the seller. The “calculation” category was coded 59 times, making it the second most frequently quoted category after guanxi. The two categories had a strong negative correlation coefficient of -0.80, indicating how carefully the buyer “calculates” the guanxi involved before committing to the seller’s offer.

The political/governance/legal environment is the second key intervening condition, especially in China. Strong enforcement of particular political/regulatory directives can hinder the strategy’s effectiveness. The more structured the framework, the less effective guanxi and mianzi tactics become. The “laws will restrict the extent of guanxi” category was coded 25 times. The correlation coefficient between the governance and legal framework and the inner circle was 0.67, indicating a strong relationship between the two.

5. Discussion and Contributions

This study explored specific cultural attitudinal concepts of building guanxi and mianzi to determine if it would mediate the effect on loyalty intentions. Evidence indicates by sellers developing the affective trait of guanxi, it would lead to strengthening the loyalty intent of the buyer towards the seller. This dimension of guanxi could possibly be an extended trait that is uniquely applicable to Chinese consumers compared to traits such as commitment, passion, intimacy and attachment identified by Fournier (1998) and Johnson et al. (2006).

The specific guanxi behaviours engaged by sellers are using guanxi to make introductions to join potential clients’ inner circles, accumulate mianzi for offering good deeds and show respect, develop a likeable brand through affect investment, trade-in favours and eventually call in the resulting debts from the buyer. The discovered “inner circle” concept confirms the conceptual model of “guanxi network” by Hwang (1987) and Gao, Ballantyne and Knight (2010). Both authors did not operationalise this construct and we now have preliminary data confirming validity of the construct where it can be further tested. Relating to concept of creating a “likeable brand” and “favour trading”, it also supports the existing literature on the concepts where guanxi behaviour composes of “affect investment” by Shou et al., (2011, p.504) and “renqing” whereby there is a need to reciprocate to each other (e.g. Wong and Leung, 2001).

Such treatment has revealed key preconditions and intervening factors as mentioned in section 4.2 that influence the success of guanxi behaviours. The first precondition is the need to display competence in order to gain trust with the buyers. This finding coincides with the research results of Yeung and Tung (1996) and Leung et al., (2005). The two intervening conditions; first, screening, describes how customers must screen and endorse the quality of a guanxi relationship. The second specifies the need for a favourable assessment of a product’s benefits. This may introduce future opportunities to advance the buyer’s relationship with the seller, thereby justifying the purchase in the buyer’s mind. As long as the benefits exceed those of competitors, the buyer will stay loyal. This concept is similar to Shou et al (2011) conceptualization of the term “calculative trust” (p.504) whereby such would impede the buyer’s guanxi behaviour. This mental calculation only applies when the product is of significant value to the client and engenders high involvement.

An additional finding involves the moderating factor of a weak legal system. A better-regulated business environment makes guanxi behaviour less effective. Participants felt that the legal and regulatory framework in Hong Kong made exploiting guanxi harder, as there is less scope for flexibility when the legal and regulatory landscape is clearly delineated vis-à-vis China. This result is also consistent with Xin and Pearce (1996) and Gu, Hung and Tse
(2008) where they identified *guanxi* as substitute for formal institutional support. These discussions are integrated into the diagram shown in Figure 1.

**FIGURE 1: GUANXI MARKETING AND BRAND LOYALTY FOR CHINESE CUSTOMERS**

![Diagram of Guanxi Marketing and Brand Loyalty](image)

This was a first study to explore how Chinese values can influence the attitude towards brand loyalty in the financial products sector. Given the complexity of this unchartered territory, the use of the grounded theory in collecting in-depth interview data could be considered a methodological contribution to the *guanxi* and brand loyalty literature.

These findings have practical implications for marketers, especially those less familiar with Chinese culture and who are offering high-involvement financial products and services to clients in Hong Kong and mainland China. Marketers could incorporate *guanxi* tactics with guidance from the principles elucidated here. This is particularly important for foreigners seeking entry into China’s financial sector, where the rules change rapidly and unexpectedly.

Although this pilot study has produced interesting results, it had several limitations related to the sample size, geographic location and industry examined. Given this study’s limitations, the following directions are proposed to guide future research. First, the model (shown in Figure 1) that was developed as a result of this study must be tested using a quantitative research methodology and a larger and more representative sample. Specific measures must be developed for the models’ various constructs. Should the further tests’ results support the current study, then the model should be utilised to study strategies and context in which *mianzi* and *guanxi* are most effective in building brand loyalty.

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Psychological Ownership and Payment Modes: The Case for "Owned" Money

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Abstract
Despite the evidence that payment mode can influence spending, researchers have yet to explain why do payment mode influence spending behaviour. Evidently, all payment mode serve as store of value and economic transaction involve transfer of ownership. This study examines the cognitive and emotional element that people associate with 'owned money' differ from those of not "owned'. The aim is to examine the underlying reasons for ownership factor using qualitative data. We found evidence that the sensory perceptions arising through handling of notes and coins influence our cognition and emotions, hence judgement of ownership and behaviours. The result suggests that the knowledge of owned money effect how we account for our daily expenses and savings in mental accounts.

Keywords: cash; debit card, owned money; perceptions; ownership
Track: Consumer Behaviour

1.0 Introduction
In 1979, Hirschman lamented the lack of research in the area of payment mode effects on point of sale purchase behaviour. In 2006, Schreft noted that the situation had not changed. However the topic has not been totally ignored as studies indicate that electronic card use, when compared to cash, increases the overall amount spent per transaction (Feinberg, 1986; Prelec and Loewenstein, 1998). The increased spending and payment mode link has been attributed to psychological pain when parting with cash and suggests that payment cards decouple payment from purchase experience (Prelec and Loewenstein, 1998; Raghubir and Srivastava, 2008; Thomas, Desai and Seenivasan, 2011). Why parting with cash causes psychological pain and how decoupling operates to influence spending behaviour requires further explanation. The assumption is that the tangibility of notes and coins creates conscious or unconscious awareness through sensory inputs that something of value is being exchanged. This is, in part, intensified by the consumers’ ability to process transactional information using perceptual senses such as sight and touch which translates into the immediate experience of the amount spent. The physical nature of the tokens affects cognitions and emotions that cash has specific sensory qualities that affect perceptions of the value of what is being offered. This is not the case with a card (debit/credit) or indeed any electronic transfer. Under an electronic payment, consumers may not, at that specific point, be mentally (or emotionally) ‘tuned in’ to the actual amount of money being spent.

Our understanding is that the historical and sensory associations with payment mode affect how we account for our daily expenses and savings in mental accounts. Human beings perceive the world through five senses and connect to the world around us by perceiving and processing sensory inputs. Therefore, to understand the world perceptual senses guide us through everything from the mundane to the most complex daily chores. The notion is that people, who have used the cash-based payment mode over time, have formed complex psychological relationships with such tokens. These cognitions and the agreed value of the token become imbued in the actual token -- i.e. the representative value is physically and viscerally experienced. Further we assume that nature of physical characteristics of cash affects perceptions of ownership and thus judgements when paying for transactions and that these perceptions of ownership which vary across the payment modes used. There is,
therefore, a need for research into psychological ownership of money in various payment forms, which is the subject of the study described in this paper.

This research makes several unique and important contributions. First, our findings suggest that sensory perceptions of payment mode produce different cognitions and emotions that alter our perceptions of ownership of money. Specifically, people spend more when they use electronic based payment mode and spend less when they use cash based payment mode. Second, we find that physicality factor of payment mode can enhance, attenuate and even reverse prior explanations of why payment mode influences spending behaviour. When paying with a card-based payment mode consumers are required to swipe their payment card in a scanner, where it is plausible that at the transaction point, a decoupling effect occurs. The case with a cash based payment mode is different, and to complete a commercial exchange one has to part with the physical cash. The handing over of ownership of thing of value suggests that consumers are more aware of the price of the good if they pay with a cheque or cash than with a card based payment.

2. Background

2.1 Sensory Perception and payment mode

Accepting the premise that the use of notes and coins acts a sensory stimulus that creates a psychological pattern and that this pattern affects cognitions and emotions has its root in the notion of embodied cognition. Our perceptions and behaviour emerge out of the interplay between brain, body and world. Essentially, our interaction with physical objects shapes our emotional and cognitive responses to that object. For this study the assumption is that the mode of payment – as a tool to facilitate the transference of value, and that our interaction with the ‘tool’ influences our perceptions and thus in turn affects our behaviour. The process of sensory perception is important in responses in most all of our transactions with the real world (Goldstein 2009). By means of sight, touch and other physical processes, the object stimulates the body's sensory organs. These sensory organs transform the input into neural activity—a process called transduction (Pomerantz, 2003). The neural signals are transmitted to the brain and processed (Goldstein, 2009). This result is a mental recreation of the distal stimulus which is the percept. People build a series of mental filters through which biological and cultural influences are used to to make sense of the physical world. These precepts are likely to be unconscious and are most likely to enter consciousness only when some incongruous element occurs and the frame needs to be altered. In other words, we only become aware of the frames that we always use when something forces us to replace one frame with another. Two aspects of framing that are used by researchers within behavioural economics to explain payment mode effects are mental accounting and psychophysics. According to Thaler (1999) mental accounting is a process whereby people code, categorize and evaluate economic outcomes. He argues that how people subjectively frame a transaction in their minds will determine the benefits and/or the degree of satisfaction they expect to receive. In relation to payment mode effects, the premise is that physicality of the payment mode serves to influence outcome perceptions. Psychophysics is a discipline within psychology concerned with measuring the relationship between physical stimuli and the sensations and perceptions they effect. Within this discipline anchoring describes the process by which responses become associated with (anchored to) some stimulus, in such a way that perception of the stimulus (the anchor) leads by reflex to the anchored response occurring. The process can be unconscious but the understanding is that perceptions related to the stimuli are formed and reinforced by repeated exposure to the stimuli, and is thus analogous to classical conditioning. An example would be a person looking at a shoe. The shoe itself is the distal stimulus. When light from the shoe enters a person’s eye and stimulates their retina, that
stimulation is the proximal stimulus. The image of the shoe that is reconstructed by the brain of the person is the percept.

The study acknowledges the role that the physical characteristics of the payment mode plays in the formation of psychological ownership with cash based payment mode. The questions are premised on the notion that the payment mode (the stimulus) triggers responses that affects perceptions and behaviours during purchase transactions. Tyszka and Prybyszewski (2006) suggest that people tend to use the nominal value of money as an anchor when evaluating the value of goods, and that they neglect the real value of money. The bias occurs due to the inappropriate choice of anchor, or the inadequate level of adjustment. More specifically, the tangibility of a cash based token creates awareness (conscious/unconscious) that a possession of value is being exchanged whereas the ‘ether’ based card transfer does not and that this awareness tempers choice behaviour at the point of purchase. When an electronic card is used, consumers may not at that specific point be mentally (or emotionally) ‘tuned in’ to the actual amount of money being spent. So directed by this understanding, the question is “Do the perceptions of ownership that people associate with cash based payment mode will be different to those associated with a debit card based payment mode?”

3. Method

3.1 Research Context

The availability of Eftpos (Electronic Funds Transfer at Point of Sale) is mainly concentrated in Europe, and the OECD countries. A recent report by Global Industry Analysts (2013) predicts increased growth in India and Asia, specifically China. Though such payment options are available, their actual usage across countries varies. Western European countries use debit cards more than Americans. Variation in use can be attributed to structural and cultural factors. For example, in India because merchants are charged for each transaction Eftpos transactions are low and Indians prefer to withdraw from an ATM and then pay cash for purchases (Sumanjeet, 2009). Cultural factors such as a preference for cash in China and Japan also influences Eftpos acceptance (Singh, 2004). This study is located in New Zealand. New Zealand, along with the Netherlands, leads the world in the use of Eftpos.

3.2 Qualitative Study

Data were collected via five focus group sessions, each containing at least six participants. Ritchie and Lewis (2003) advise that 4-8 would suffice. There is consensus that between 6-10 people per group is acceptable (Patton, 2002). Fifty six household volunteered, however the final participation number was thirty-one. Participants were asked to complete a work book tasks prior to group discussion following nominal group technique (Vendros, 1979). Workbook contained instruction, projective object and definitions of various tools that represents “owned” money, for example, money in savings or in cheque account not borrowed money in any form i.e., loan of cash, credit (via credit card or line of credit) or overdraft. Participants were reminded before focus group session that this research is only interested in ‘owned money’. They were provided with the definition of cash and debit card and credit card their similarities and differences. For example, a debit card allows to access own money whilst allowing to also access a ‘credit’ amount that is available via a credit account or line of credit. Debit card does not have any links to any form of credit. It allows only to access stored or accumulated savings. When participants were asked to imagine/think of cash means paper currency and coins that are liquid and can be exchanged anywhere anytime.

Focus group transcripts and individual workbook data were entered into Microsoft Word as rich text file and then imported into Nvivo version 8.0. The method of analysis followed Coffey and Atkinson (1996) who suggest generating codes from data, frequently
revising the codes generated, grouping codes into categories and finally developing themes from the data. This procedure indicates the chain of evidence present in the analysis and describes precisely how the classification, theme identification and linking of key properties have been made.

<table>
<thead>
<tr>
<th>Age</th>
<th>Count</th>
<th>%</th>
<th>Birth Place</th>
<th>Count</th>
<th>%</th>
</tr>
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<tr>
<td>36-45</td>
<td>14</td>
<td>45</td>
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<td>42</td>
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<table>
<thead>
<tr>
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<th>Count</th>
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<th>Bachelor</th>
<th>Diploma</th>
<th>High School</th>
</tr>
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<tbody>
<tr>
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<td>9</td>
<td>3</td>
<td>1</td>
<td></td>
</tr>
<tr>
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<td>22</td>
<td>4</td>
<td>1</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Indian</td>
<td>4</td>
<td>13</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Maori</td>
<td>2</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

Table 1: Demographic Profile

For this study, reliability and validity was addressed by clear statements of task, participant type and participant selection; using detailed reporting of procedures, e.g. workbook and focus group protocols. Multiple (and independent) focus group facilitators; transcriptions done by independent transcribers; multiple coders and participant verification to minimise interpretation bias ‘respondent validation’ or ‘member checking’ was carried out (Maxwell, 2005:110; Creswell and Clarke, 2007). This was managed by having participants check and approve whether the findings accurately reflect their experience.

4. Result and discussion

Participants were presented with a $100 note and specifically designed debit card that they were informed has a stored value of $100. They were asked to note down their ‘top-of-mind’ responses. An initial word/phrase count identifies similar positive associations for both payment modes suggesting that what the token represents overrides the physical characteristic of the token. However the negative thoughts differ, in that those associated with the debit card are to do with wasting money and the loss of the card - but not so much the $100 note concern here was losing the actual note - but spending it was not deemed wasteful unless being used to buy a small value item. The notion here is that people feel that they owned cash based payment and worry about loss. The thoughts about losing the $100 note are to do with actual loss of a specific value that they own, The negative emotion specifically asserts this point. The type of products associated with both does not differ, however the attributes/characteristics do. Debit cards are associated with freedom, opportunity; cash is status and friendly. Debit cards are also associated with overspending and poor money management. Cash however is associated with control and saving money.

4.1 Difference in cognitive and emotional response

<table>
<thead>
<tr>
<th>Emotional, responses to the payment modes</th>
</tr>
</thead>
<tbody>
<tr>
<td>A $100 note is associated with pleasure and happiness whereas 100 dollar stored in a debit card is associated with hard work. A $20 note is considered honest and hardworking. A $20 note and a debit card with stored $100 are both deemed to be comfortable, dependable and easy-going.</td>
</tr>
<tr>
<td>Cash is viewed as money- a debit card- access to money. A common view of cash is that you can see it is money- it is real.</td>
</tr>
<tr>
<td>A marked reluctance to ‘break’ and thus spend a $100 note this is more marked when using it to buy low value items and items that are not considered ‘special’. No such associations with $100 stored in a debit card are reported.</td>
</tr>
<tr>
<td>An expressed enjoyment when paying by cash in the context of ‘special’ purchases.</td>
</tr>
</tbody>
</table>

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The ‘Power’ factor varies in that $100 cash increase spending power, participants’ associate cash with wealth and necessary means to enjoy spending. No such associations with $100 stored in debit card were noted. Cash is associated with increased power but money in debit card is related to wasting or overspending.

Cognitive, responses to the payment modes

When cash is used there is a heightened awareness that something of value is being transferred. More effective transaction value computing (consciously and unconsciously). Better money management and spending control. Small denomination notes were considered ‘spent’. In essence, once it is removed from a savings account it is essentially ‘mentally spent’.

When a debit card is used the awareness that something of value is being transferred is low especially when paying for low-cost items such as snacks, bus-fares and take-away meals. When cash is used the participants saw it disappearing; but with the card, the reality of the expenditure only hits when the bank statement arrives.

When given an absolute amount (e.g., $100) to spend, for their supermarket purchases the majority (slightly more for the cash payment mode) report the use of a calculator and planning irrespective of payment mode used. However the temptation to ‘overdraw’ on the card is omnipresent. Impulse purchases were thought to increase when the debit card is used. A reluctance to carry cash for fear of loss and so deemed the card as the ‘safer’ mode; awareness of electronic fraud was relatively low.

The overall conclusions from the information supplied by the participants of the focus group sessions is that there is enough evidence to conclude, at least from the sentiment of these participants, that: the perceptions of ownership that people associate with the payment modes does indeed differ. There is also evidence that the participants’ perceptions of how they keep a mental tally of expenditures differ across cash and electronic card payment modes. There is evidence that people perceive their ability to tally expenditure is better when they use cash. For example, participants voiced in focus group that:

- I really see the cash going out of my pocket when I spend cash
- I really notice how much I have spent, I really try to track my purchases but never with a card
- Yeah, because it’s visible and I spend it and I feel it’s less but in the card it doesn’t really feel like that

With cash how much is spent is known, but not with a debit card. Following quotes provide evidence in support that mental tally of expenditures do differ across cash and debit card payment modes:

- And it’s just a number on a (eftpos) screen isn’t it?
- More likely to spend more money with card
- I don’t feel that when I see the statement oh yes that’s what I spent that on and that was a good deal any maybe that wasn’t maybe I shouldn’t have spent money on that.

One difference recognised and examined by researchers such as Soman (2001) is the quality of our mental accounting. Soman (2001) suggests that cash use assists in the remembering of how much money being spent whereas use of card does not. So the physicality of payment mode influences the price-benefit analysis and tallying of mental accounts. This study found that people felt their ability to tally expenditures were better with cash than a debit card. The common view is that one can see the actual value being transferred from hand to hand using cash whereas debit card obscures this awareness of transfer.
5. Conclusion

In essence, the payment mode is a tool that facilitates the transfer of something of value with both parties in agreement. The task for this study is to determine if the tool used to affect the transfer, independent of the value attached influences perceptions and thus how the transfer is experienced. In doing so, it is assumed that the tools act as anchors (anchoring is a cognitive bias in which decisions are made based on an initial 'anchor' (Tversky & Kahneman, 1974). Essentially, it is a process by which memory recall, state change or other responses become associated with (anchored to) some stimulus, in such a way that perception of the stimulus (the anchor) leads by reflex to the anchored response occurring. The value is embodied in the tool and the physical nature of that tool and our continued interaction allow cognitions and emotions to develop. So the physical nature of cash, a token where the value is demarked, clearly allows us to have an immediate experience of the ‘value’. Electronic cards do not have this property. Whilst they represent a link to a stored resource, there is no immediacy of value. Hence the notion of transparency and the related notion of decoupling have credence and as evidenced by the participants, do impact on mental accounting (see Soman 2003). The physical factor of payment mode explains why psychological ownership accentuates with cash than card.

6.0 References

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Segmenting and Targeting in Australia: Are Political Supporters Really all that Different?

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Abstract
In politics, segmenting and targeting is regarded as being a core element of electoral strategy in order to help ensure resources are efficiently allocated to where they can have the most effect. This paper examines whether Australian political parties have supporters with different profiles with regards to the traditional variables of gender, age, income, socio-economic profile, education, and landscape groups. A sample of some 43,000 voters from the Roy Morgan Single Source Survey was utilised to profile supporters of the Australian Labor Party, Liberal Party, The Nationals, Greens and Independents. The results suggest that there is little difference in profiles between the two main political parties but there are differences between the smaller political parties. The significance of these findings to political marketing is discussed, and future research is proposed.

Keywords: Political Marketing, segmentation, empirical study
Track: Consumer Behaviour

1.0 Introduction
Politicians want to be elected and have their party in power. To achieve this end, marketers have suggested they use their techniques to achieve this. Some marketing techniques suggested for politics include segmenting the population to target those most likely to vote for their party (Hillygus & Shields, 2009), and creating, or at least advertising, policies that will appeal to the voters they believe are going to vote for them (Ben-Ur & Newman, 2010). In many cases, voters are targeted because they are the most likely to vote, and attempts are then made to persuade likely voters to vote for a particular political party (Brennan & Henneberg, 2008).

Political marketing has for many decades attempted to target of unique segments of the market, and much research on the justification of the application of consumer behaviour principles to voter decision-making is based on cognitive marketing principles. This follows conventional marketing theory which sees segmentation as a key strategic activity for marketers (Dickson & Ginter, 1987; Smith, 1956; Wind, 1978). Conventional marketers have been arguing for some time that segmentation is an important component of any marketing strategy (McDonald & Dunbar, 1998; Yankelovich, 1964) and it is on this basis that specific political polices are developed which aim to target specific voters or groups of voters (Baines, 1999; Bannon, 2003; Brennan & Henneberg, 2008; Smith & Hirst, 2001). From a marketing perspective the success of a segmentation programme is based on the targeted segment being measurable, substantial, accessible, different and actionable (see: Wedel, and Kamakura (1998, cited in Lemon & Mark, 2006), Kotler and Keller (2009, cited in Kazbare, van Trijp & Eskildsen, (2010), Kotler (1984, cited in Dibb, 1999) or Brassington & Petit (1997, cited in Rees & Gardner, 2005)).

In 1994 Ries and Trout claimed that in the long run every market becomes a two horse race. This appears to be the case with Australian politics. In 2013 the two major parties Liberal (coalition) and Labor had over 78% market share between them (in 2011 it was over 80%)
with the next two largest parties struggling to reach 10% each. While marketing has developed a number of different theories on how consumers react to marketing activities and how they perceive brands, this concept has not been empirically researched from a political marketing perspective. In this case, the parallel would ask how voters respond to certain political marketing activities, or how they perceive political party promises or policies. While this stream of research was an early development of political marketing theory (Newman & Sheth, 1987) empirical studies following it up seem not to have been pursued.

While considerable knowledge about political marketing has been investigated (for example see Henneberg, 2004, 2008; Lees-Marshal, 2009), well-anchored empirical studies are rare, and therefore many of the existing political marketing theories have not been developed in any depth (Henneberg, 2008; Henneberg & O'Shaughnessy, 2007). Thus, the focus of this paper is to add to the body of knowledge on the theories behind segmentation and more specifically how they apply within the political context. It also provides empirical evidence on whether or not Australian political parties are currently targeting different types of voters.

2.0 Political Segmentation

Kotler and Levy (1969) argued targeting particular groups is one of the nine concepts that help businesses in guiding the marketing effort. Smith and Hirst (2001) argued for the Segmentation-Targeting-Positioning (STP) approach for the British political market. Stage 1, or Segmentation, identified the bases for segmentation and then developed the political profiles of those segments. Stage 2, or Targeting, developed measures to determine the attractiveness of the aforementioned segments, and then suggested targeting the most attractive segments. The final stage, Positioning, consisted of developing positioning of the segments, and then developing the appropriate marketing mix for those segments.

Segmentation theories have been applied in previous political marketing studies, but primarily in the four main areas of geographic, demographic, psychographic or attitudinal, and behavioural (Phillips, Reynolds, & Reynolds, 2010; Smith & Hirst, 2001). Segmentation variables that are traditionally used are in political marketing are class, geography, family background, age, gender, and education (Lalljee, Evans, Sarawgi, & Voltmer, 2012). Others have proposed that these are no longer as useful as they once were, suggesting the addition of new electoral segments based on ethnicity, race, lifestyle, and stage in the life cycle (Lees-Marshal, 2009). Other segmentation within politics include bases such as lifestyle, psychographics, ideological perceptions, voting decision time, and party/candidate image perceptions (Baines, Crawford, O'Shaughnessy, Worcester, & Mortimore, 2014).

3.0 Issues with Implementation

Whilst the marketing literature is full of academic papers and industry case studies arguing the importance of the practise of segmentation, research on successful implementation of segmentation and targeting is rare. There have been concerns raised about the ability of successful implementation of a segmentation programme that include the inability to implement (e.g., Dibb, 1999), whether segmentation can practically work in a market (e.g. Danneels, 1996), or whether segments do actually exist in markets (Hammond, Ehrenberg, & Goodhardt, 1996; Kennedy & Ehrenberg, 2001a, 2001b) or remain stable over time if they are found (Esslemont & Ward, 1989; Hoek, Gendall, & Esslemont, 1993). Further to the research above, there have also been questions on the validity of targeting (Wright, 1996).

Only a limited number of studies have considered the success of segmentation or targeting at an aggregate level by reviewing consumer profiles of competitive brands. Previous empirical
studies on consumer profiles of different markets with large databases indicate that successful implementation of segmentation is rare. Studies conducted of consumer profiles in a range of consumer markets that include retail (Hammond et al., 1996; Kennedy & Ehrenberg, 2001a, 2001b), television viewing (Barwise & Ehrenberg, 1988) and radio listening (Winchester & Lees, 2013) have found very little evidence of successful segmentation or targeting. Therefore, this paper will consider whether segmentation has been successful in the Australian political market at an aggregate level.

4.0 Method

In this study, the segmentation of the major Australian political parties is considered using data from Roy Morgan’s 2011 Single Source data. The data was collected via personal interview with individual respondents and a sample of around 43,000 first preference voting intentions achieved. For the total Single Source Survey a sample of around 52,000 was achieved. This means 4,200 respondents over 14 years of age are interviewed each month (over 48 weeks) from all states and territories in Australia.

The method for the analysis was inspired by Kennedy and Ehrenberg (2001b), who devised a simple yet effective method for determining differences in profiles of customers for competitive brands. Each brand’s customer profile is simply compared to the average brand to look for large deviations, which would be expected if brands were successfully targeting different segments of consumers. Deviations of more than five percentage points are highlighted.

5.0 Results

This study considers the following variables, gender, age, household income and socio-economic profile, education and landscape segments. The first segmentation variable to be explored is gender in Table 1 below.

Table 1: Gender profile of Australian political parties

<table>
<thead>
<tr>
<th></th>
<th>Proportion by gender</th>
<th>Deviation by gender</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Labor</td>
<td>47</td>
<td>53</td>
</tr>
<tr>
<td>Liberal</td>
<td>51</td>
<td>49</td>
</tr>
<tr>
<td>Nationals</td>
<td>55</td>
<td>45</td>
</tr>
<tr>
<td>Greens</td>
<td>45</td>
<td>55</td>
</tr>
<tr>
<td>Independent/Others</td>
<td>53</td>
<td>47</td>
</tr>
<tr>
<td>Average</td>
<td>50</td>
<td>50</td>
</tr>
</tbody>
</table>

Table 1, above presents the gender profile for each of the five main political groupings in Australia. Columns two and three present the proportion of men and women who are ‘supporters’ of each of the five groups, along with an average across all brands in the last row. Columns four and five present the deviations from average brands. Previous research in countries like the US, Australia, and the UK have found that party members tend have larger numbers of male participation than female (O’Cass, 2002), and research by Cicognani et al (2011) found a higher level of political engagement and participation among young males. Whilst the results suggest there is no notable difference in customer profile for Labor, Liberal and the Independents/Others on gender it is noticeable that The Nationals tend to be slightly skewed to males and the Greens towards females. Table 2, below presents the deviation from average for age group for the five political groups.
Table 2: Age profile of Australian Political Parties

<table>
<thead>
<tr>
<th></th>
<th>Deviation from average brand for age group</th>
<th>18-24</th>
<th>25-34</th>
<th>35-49</th>
<th>50-64</th>
<th>65+</th>
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<tbody>
<tr>
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<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>-1</td>
</tr>
<tr>
<td>Liberal</td>
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<td>-1</td>
<td>-2</td>
<td>-1</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>National Party</td>
<td></td>
<td>-3</td>
<td>-4</td>
<td>-2</td>
<td>-1</td>
<td>10</td>
</tr>
<tr>
<td>Greens</td>
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<td>7</td>
<td>7</td>
<td>3</td>
<td>-5</td>
<td>12</td>
</tr>
<tr>
<td>Independent/ Other</td>
<td></td>
<td>0</td>
<td>-2</td>
<td>2</td>
<td>3</td>
<td>-3</td>
</tr>
<tr>
<td>Averages</td>
<td></td>
<td>8</td>
<td>19</td>
<td>28</td>
<td>23</td>
<td>22</td>
</tr>
</tbody>
</table>

In line with the method used by Kennedy and Ehrenberg (2001a) deviations equal to or greater than five percentage points are highlighted in bold. Age has also been looked at in politics, and is a significant factor in party membership, with young people hardly represented at all due to their lack of membership, as well as interest, in political parties and political processes (Fyfe, 2009; Henn, Weinstein, & Forrest, 2005). Unlike the findings for gender, the age segmentation variable does present some very clear deviations from the average. For example, the Nationals appear to have a much higher proportion of older voters whereas the Greens have more younger voters than the average political party. Nonetheless we do not see any major deviations between the two main political parties. Table 3, below, presents the results for income.

Table 3: Income profile of Australian political parties

<table>
<thead>
<tr>
<th></th>
<th>Deviation from average income group (by ,000)</th>
<th>&lt;$20k</th>
<th>$20-$50k</th>
<th>$50-$80k</th>
<th>$80-$100k</th>
<th>&gt;$100k</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALP</td>
<td></td>
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<td>0</td>
<td>-1</td>
<td>-2</td>
<td>-1</td>
</tr>
<tr>
<td>Liberal</td>
<td></td>
<td>-1</td>
<td>-1</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>National Party</td>
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<td>3</td>
<td>-6</td>
<td>-3</td>
<td>0</td>
</tr>
<tr>
<td>Greens</td>
<td></td>
<td>-4</td>
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<td>5</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Independent/ Other</td>
<td></td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>-1</td>
</tr>
<tr>
<td>Averages</td>
<td></td>
<td>33</td>
<td>333</td>
<td>333</td>
<td>1333</td>
<td>8533</td>
</tr>
</tbody>
</table>

The results shown in Table 3 indicate that the Greens have slightly more middle-income supporters than other parties compared to the Nationals who have a supporter base with a much lower income range. It is also worth noting that while neither the Labor nor Liberal Parties deviate outside the 5 percentage point range the Liberal supporters tend to have a slightly higher income range than Labor. Table 4, below, presents the results for socio-economic quintiles.

Table 4: Socio-economic profile of Australian political parties

<table>
<thead>
<tr>
<th></th>
<th>Deviation from average brand for socio-economic group</th>
<th>AB</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>FG</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALP</td>
<td></td>
<td>-1</td>
<td>-1</td>
<td>-1</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Liberal</td>
<td></td>
<td>3</td>
<td>1</td>
<td>-1</td>
<td>-2</td>
<td>-2</td>
</tr>
<tr>
<td>National Party</td>
<td></td>
<td>-8</td>
<td>-5</td>
<td>-2</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>Greens</td>
<td></td>
<td>10</td>
<td>3</td>
<td>0</td>
<td>-6</td>
<td>-9</td>
</tr>
<tr>
<td>Independent/ Other</td>
<td></td>
<td>-5</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Averages</td>
<td></td>
<td>21</td>
<td>21</td>
<td>20</td>
<td>20</td>
<td>19</td>
</tr>
</tbody>
</table>

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Recent studies argue for the reliability of the inclusion of social class in predicting political interest and/or involvement (Lalljee et al., 2012), but again there is very little difference between the two main political parties. However, the Nationals are showing a strong deviation towards the E and FG socioeconomic groups whereas the Greens are strongly represented in the AB category. Table 5 now looks at the Educational Profile of the various political party supporters

<table>
<thead>
<tr>
<th>Deviation from average brand for education</th>
<th>Prim ary Scho ol</th>
<th>Some Secondary /Tech.</th>
<th>Intermediat e/Form 4/Year 10</th>
<th>5th form/Leavin g/Year 11</th>
<th>Finished Tech./Matric/HS/Year 12</th>
<th>Some/ Now at Univer sity</th>
<th>Have Diplo ma or Degr ee</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALP</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>-2</td>
<td>-1</td>
<td>-1</td>
</tr>
<tr>
<td>Liberal Party</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-1</td>
<td>-1</td>
<td>1</td>
</tr>
<tr>
<td>Nat. Party</td>
<td>2</td>
<td>4</td>
<td>5</td>
<td>1</td>
<td>3</td>
<td>-2</td>
<td>-13</td>
</tr>
<tr>
<td>Greens Independent/Other</td>
<td>-2</td>
<td>-7</td>
<td>-6</td>
<td>-2</td>
<td>-5</td>
<td>4</td>
<td>17</td>
</tr>
<tr>
<td>Average</td>
<td>3</td>
<td>14</td>
<td>11</td>
<td>5</td>
<td>21</td>
<td>10</td>
<td>37</td>
</tr>
</tbody>
</table>

As has previously been shown there is very little difference between the two main political parties in terms of the educational profile of their supporters. Previous research suggests that those who are more educated should consider themselves more involved (O’Cass, 2002; Vromen, 2003). However, the Nationals are showing a very clear deviation away from their supporters having a tertiary qualification compared with the Greens where their supporters tend to be tertiary educated, suggesting a possible difference for this party. It is also interesting to note that the Independents/Others also tend to deviate from the average with regards to tertiary education. This could be because the One Nation Party is included in the group. Table 6 now looks at the Landscape Groups of the various political party supporters

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ALP</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>5</td>
<td>2</td>
<td>-5</td>
<td>-3</td>
<td>-2</td>
<td>-3</td>
</tr>
<tr>
<td>Liberal Party</td>
<td>5</td>
<td>0</td>
<td>4</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>-4</td>
<td>-2</td>
<td>-2</td>
<td>-2</td>
<td>-3</td>
</tr>
</tbody>
</table>
By focusing on some existing segmentation variables some clear patterns emerge. Outside of some minor deviations both of the two main political parties reinforce the notion of them being very broad based parties without strongly attracting people from one strata of society over the other party. On the other hand the Nationals are clearly a country/regional based party. There supporters clearly come from those landscape groups. On the other hand the Greens can be seen as being ‘Cosmopolitan” and ‘Professionals in Transition’. This is also reflective of their educational and income variables as has been previously shown

<table>
<thead>
<tr>
<th></th>
<th>National</th>
<th>Greens</th>
<th>Independent/Other</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natio</td>
<td>-7</td>
<td>-6</td>
<td>-5</td>
<td>8</td>
</tr>
<tr>
<td>nal</td>
<td></td>
<td></td>
<td>-3</td>
<td>10</td>
</tr>
<tr>
<td>Green</td>
<td>-5</td>
<td>-8</td>
<td>-1</td>
<td>10</td>
</tr>
<tr>
<td>s</td>
<td></td>
<td></td>
<td>-6</td>
<td></td>
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<tr>
<td>Indep</td>
<td>-5</td>
<td>15</td>
<td>8</td>
<td>10</td>
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<tr>
<td>enden</td>
<td></td>
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<tr>
<td>/Other</td>
<td>2</td>
<td>8</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td>0</td>
<td>-5</td>
</tr>
<tr>
<td>0</td>
<td></td>
<td></td>
<td>0</td>
<td>-3</td>
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<tr>
<td>0</td>
<td></td>
<td></td>
<td>1</td>
<td>-5</td>
</tr>
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<td>1</td>
<td></td>
<td></td>
<td>2</td>
<td>-5</td>
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<tr>
<td>2</td>
<td></td>
<td></td>
<td>1</td>
<td>-5</td>
</tr>
<tr>
<td>1</td>
<td></td>
<td></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Avera</td>
<td>8</td>
<td>8</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>ges</td>
<td></td>
<td></td>
<td>9</td>
<td></td>
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<td>11</td>
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<td></td>
<td>10</td>
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</tr>
</tbody>
</table>

6.0 Discussion and Conclusion

While segmentation and targeting are portrayed as key strategic activities for marketers – both political and business (McDonald & Dunbar, 1998; Yankelovich, 1964) the results of this study suggest that with regards to the two main political parties there are very little differences between the demographic make-up of their supporters. Given the large sample size, and method used in this study, the results suggest compelling evidence that researchers are unlikely to find sustainable evidence that the two main parties serve different segments of the political market place. The results of this study suggest that one main political party’s supporter customer is a typical supporter of the other main party, which is consistent with previous studies in subscription markets, such as financial services (e.g. Kennedy & Ehrenberg, 2001a); (Hammond et al., 1996), retail (Kennedy & Ehrenberg, 2001b) and media (Winchester & Lees, 2013).

However, this contrasts with the Nationals and Greens who appear to be polar opposites of each other. The Nationals tend to be older, less well educated, with a lower income and primarily regionally or country based. The greens, on the other hand, tend to be younger, professional, tertiary educated and cosmopolitan. Therefore it appears that those two political groupings are targeting those types of supporters. However, when the absolute numbers are considered both of the two major parties have almost three times the number of supporters inside those segments than either the Nationals or the Greens – thus questioning whether the supposed segmentation strategies are effective. In other words even though they may attract more of those types of supporters than on average they do not have a majority in any of them.

Also given that the two main parties do not appear to attract unique customer segments future research could consider the success or otherwise of particular attributes or attitudes in those parties’ supporters. While current arguments revolve around the academic-practitioner divide, and concerns around implementation of segmentation itself (Donmez, Poenaru, & Baines, 2014), one might argue that before exploring how to implement segmentation, one should consider whether segmentation will provide the results they are looking for.
References


The Hidden Hands of Consumer Culture: Studying Purchase Behavior in Finland, Germany and Iran

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Abstract

The objective of this research is to investigate the context-specific role of cultural dimensions (individualism and masculinity) in consumer behavior (variety seeking and anticipated regret) in three countries, Finland, Germany and Iran. The study applies to a recently developed measurement scale and focuses on the individual level of the consumer. The combined sample of the three countries included 575 responses and the data was analyzed with structural equation modeling. The main findings of this research are that cultural dimensions affect variety seeking and anticipated regret differently in different countries. Moreover, the context-free negative impact of anticipated regret to variety seeking is especially noteworthy in all the studied countries. The study contributes to the cross-cultural consumer behavior research by recognizing the roles of individualism and masculinity in purchase behavior.

Keywords: Consumer culture, variety seeking, anticipated regret, purchase behavior

Track: Consumer behavior

1.0 Introduction

The challenge of cross-cultural studies in marketing is that they often ignore the hidden hands of context; researchers often trust previous measurement instruments. Scales developed to investigate and compare organizational or work-related behaviors across nations should not be accepted as the basis for analyses of consumer behaviors at the individual level. In respect to both situation and measurement levels, they do not match together. Replication of such dimensional rankings in marketing studies could easily fail. A new framework needs to be developed considering analysis level, study applications, behavior, context, population and “the spirit of the times” (Hofstede, 2001) and individual-level measurement of cultural dimensions could be a reliable substitute. Present study is based on a newly-developed scale of consumer culture at individual level in purchase-consumption context inspired by Hofstede’s proposed dimensions — latest version of 2008 (See Bathaee, 2014). Focused on psychological, social and cultural backgrounds and following unipolar approach in measurement, the authors test the recently validated scale that is implicitly adapted to purchase context at individual level. The plausible effects of the interested dimensions — masculinity and individualism — are analyzed based on a conceptual model on variety-seeking and anticipated regret of consumers in three countries namely Germany, Finland and Iran.

2.0 Literature review

Individualism (IND) as a single dimension is dealing with the “self” in the social processes and environments (Markus & Kitayama, 1991). Aimed to draw a complete picture of the dimensions we conceptualized the relevant facets of IND this research. IND is finally defined as focus on the priority of self and the emphasis of individual needs, wishes, desires and values, over that of others (See Bathaee, 2014). The dimension is confirmed to have direct effects on consumers’ needs, motives, drives, emotions, and lifestyles; also process and
speed of decision-making, spending, or complaining behaviors are directly influenced by IND (see Bathaee, 2014; De Mooij, 2010, 2011). Masculinity (MAS) is evolved with the complementary aspect of self-concept (see Inkeles & Levinson, 1969). Whereas IND is based on differentiating oneself from others, MAS adds on it in sense that people want to distinguish themselves from others (De Mooij, 2010). Applied for a society or an individual, MAS is interpreted as focus on success, competitiveness, ambition, material outcomes, and growth (Hofstede et al., 2011). Self-orientation toward ego-boosting approaches are critical and “success must be shown and the successful must shine” (Hofstede, 1998, pp. 68-69). The importance of MAS in purchases of luxury brands and status-based products is identified (see de Mooij, 2010).

Variety seeking (VS) is an exploratory behavior of a consumer, though satisfied with the previous choice, switches brands induced by the utility he derives from the change (Foxall, 1993). In VS consumers switch for the pleasure provided by the change itself, and not because of the functional value of the alternatives. VS declares sensation-seeking or preference for a given level of variety, surprise, and newness as the reasons (Foxal, 1993); some of the main elements behind variety seeking are: prestige, hope for benefits, risk reduction and curiosity (see Bathaee, 2011). Anticipated regret (REG) as one of the two natures of regret (experienced and anticipated), is interpreted as a negative emotion emerged from developing mental simulations of decisions or choices, and their consequences (Seilheimer, 2001). Unlike experienced regret, anticipated regret is based on present or future orientation, and is expected “prior to” making decisions; it is simulated now to minimize experienced regret in future. The behavior involves a feeling of responsibility, agency and control (Landman, 1993) and incorporates both cognitive and hedonic aspects at the same time; thus, a sort of emotion-cognition management with influences on decision-making process is involved with the concept and is therefore among most-interesting behavioral dimensions neglected in consumer-behavioral studies (see Bathaee, 2012). Anticipated regret enjoys context specificity, which makes it more interesting for cross-cultural studies.

3.0 Hypotheses and conceptual model

Higher levels of MAS in societies are indirectly reflected in individual’s material possessions and the quantity or variety of the possessions. Individuals from masculine societies would therefore be more curious of new products in the marketplace — or products unfamiliar to them — which would help them display their achievements; “show off” and “emulation” are therefore expected to be at higher lever in masculine societies, and for consumers with high level of MAS. We therefore hypothesize that:

\[ H1: \text{Masculinity has a positive effect on consumer variety-seeking} \]

IND is associated with ego-focused attitudes and emotions; the need to be autonomous and the emphasis on personal decision-making would logically improve the internal responsibility of an individual, expecting that decision outcome depends on self-performance and behavior (see de Mooij, 2011, 2010). Since responsibility, agency, and control are inseparable elements of anticipated regret (Landman, 1993) we postulate that higher levels of IND would have positive effects on the level of regret a consumer anticipates, feeling more responsible for his own decisions and their consequences. Thus, we suggest:

\[ H2: \text{Individualism has a positive effect on the level of anticipated regret}.\]
The link between REG and VS has not been studied in previous researches; however several correlative concepts (e.g., dissatisfaction) in terms of behavioral intentions have been analyzed before (e.g., Zeelenberg & Pieters, 2004). We postulate that REG involves tendencies to remove, decrease or prevent future mistakes. Consumers would be so induced to make choices that lower the likelihood of regret afterwards; they would avoid risk-seeking and explorative behaviors which could end to maximizing experienced regret in future. Thus, hedonic explorative behaviors like VS would be negatively affected. We hypothesize:

**H3**: Anticipated regret has a negative effect on variety-seeking tendency.

### 3.0 Survey methodology and sample

Following a two-stepped model inspired by Hofstede’s original concepts designed for organizational context, a framework for consumer culture was developed, shifting Hofstede’s dimensions of IND and MAS to purchase context. In addition, further researches and scales were selected as our main sources to design the cultural dimensions at the individual level in purchase context (see Yoo & Donthu, 2005). Knowing most previous surveys on cultural dimensions are performed in western countries (Hofstede et al., 2010), present study was developed based on both western and eastern mind-sets. To measure purchase behavioral concepts (VS and REG) the scenario method was applied which is usually practiced in studies focused on anticipated regret (e.g. Pieters & Zeelenberg, 1999). We also decided for food-service purchase in restaurant as the decision-making context in our scenario since it was recognized to be more comparable than product purchase situation. Furthermore, the context entails elements from both product and service purchases. Four items measuring REG were based on validated scales designed by Wunderle (2006). The VS scale (4 items) was newly developed and was inspired by the original items of Helmig (1997).

Next, the improved version of scale was applied having new samples of consumers in Finland, Germany and Iran. The countries belong to different cultural clusters (Hofstede et al., 2010) and also considerable variations exist among the selected countries in respect to social, economical and demographical profiles. Scales were translated by native researchers to German, Finnish and Persian languages, and later back translated by writers all proficient in English language. Thus, the wordings, definitions and implied meanings of each item were analyzed to be appropriate and comparable in the two surveys. Respondents were randomly selected and interviewed in public places.

### 4.0 Results

The analysis began with performing CFA for the combined sample. After removing a few items (two of IND, one of REG, two of MAS and two of VS) due to low factor loadings a good model fit was reached (RMSEA=0.05; GFI=0.98; χ²=59.053; df=22; p < 0.001; χ²/df=2.284). As a result, all observed variables surpassed the general factor threshold limit of 0.5 (Hair et al., 2010). Furthermore discriminant validity was analyzed to confirm that measured constructs are truly distinct from each other (Squared AVE > between construct
correlations); moreover composite reliability statistics (Table 1) indicate adequate internal consistency of the constructs. To test measure cross-cultural equivalence, the procedure of Steenkamp and Baumgartner (1998) was followed. In order to test configural invariance we ran the model simultaneously with all the three samples. We achieved a good model fit (RMSEA=0.04; GFI=0.96; $\chi^2$=129.40; df=69; $\chi^2$/df=1.87). Thus, we reached configural invariance. To test metric invariance we tested the model first without constraints and then we constrained the factor loadings to be equal ($\chi^2$=131.60, df=81; $\chi^2$/df=1.61). The $\chi^2$-difference test was found non-significant (p>0.05), thus full metric invariance was also reached.

Table 1: Construct reliability, correlations and square root of AVE

<table>
<thead>
<tr>
<th>Pan country (n=575)</th>
<th>CR</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Variety seeking</td>
<td>0.80</td>
<td>0.83</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Individualism</td>
<td>0.89</td>
<td>-0.09</td>
<td>0.89</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Masculinity</td>
<td>0.80</td>
<td>0.03</td>
<td>0.40</td>
<td>0.83</td>
<td></td>
</tr>
<tr>
<td>4. Anticipated regret</td>
<td>0.97</td>
<td>-0.26</td>
<td>0.12</td>
<td>0.01</td>
<td>0.96</td>
</tr>
</tbody>
</table>

Notes: For the pan-country, fit statistics as follows: RMSEA=0.05; GFI=0.98; $\chi^2$/df=2.68. For Finland: RMSEA=0.00; GFI=0.98; $\chi^2$/df=2.68. For Germany: RMSEA=0.08; GFI=0.95; $\chi^2$/df=2.68. For Iran: RMSEA=0.06; GFI=0.96; $\chi^2$/df=2.68. For the pan-country, fit statistics as follows: RMSEA=0.05; GFI=0.98; $\chi^2$/df=2.68. For Finland: RMSEA=0.00; GFI=0.98; $\chi^2$/df=2.68. For Germany: RMSEA=0.08; GFI=0.95; $\chi^2$/df=2.68. For Iran: RMSEA=0.06; GFI=0.96; $\chi^2$/df=2.68.

Next we tested common method bias for the Harman’s one factor test. Results for the combined sample (20.5%) or the separate country samples (Finland 27.9%, Germany 27.9%, Iran 27.4%) show that no single factor accounts for the majoirity of the variance explained, thus, common method bias is not a serious threat. Finally, the hypothesized relationships for the combined sample and separate samples were tested; results of the standardized coefficients are reported as follows.

Table 2: Standardized coefficients

<table>
<thead>
<tr>
<th>Path</th>
<th>Pan-country (n=575)</th>
<th>Finland (n=189)</th>
<th>Germany (n=191)</th>
<th>Iran (n=195)</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: MAS $\rightarrow$ VS</td>
<td>-0.023 ns.</td>
<td>-0.21 ns.</td>
<td>0.02 ns.</td>
<td>0.17(*)</td>
</tr>
<tr>
<td>H2: IND $\rightarrow$ REG</td>
<td>0.108(*)</td>
<td>0.22 ns.</td>
<td>0.16(*)</td>
<td>0.04 ns.</td>
</tr>
<tr>
<td>H3: REG $\rightarrow$ VS</td>
<td>-0.256(***</td>
<td>-0.25 (*)</td>
<td>-0.17(*)</td>
<td>-0.31(***</td>
</tr>
</tbody>
</table>

*** p < 0.001; ** p < 0.01; * p < 0.1

For the pan-country, fit statistics for structural model as follows: RMSEA=0.05; GFI=0.98; $\chi^2$/df=2.68. For Finland: RMSEA=0.00; GFI=0.98; $\chi^2$/df=2.68. For Germany: RMSEA=0.08; GFI=0.95; $\chi^2$/df=2.68. For Iran: RMSEA=0.06; GFI=0.96; $\chi^2$/df=2.68.

H1 is partly supported since the effect of MAS on VS was found significant only for the Iranian sample. H2 proposed a positive effect of IND on REG; the effect was significant for the pan-country and Germany, thus partially supporting H2. Finally, H3 was based on the negative effect of REG on VS; the effect was found to be significant for the pooled sample and for all the three countries separately thus supporting H3.

5.0 Conclusions and implications

The research objective was applying the newly developed individual level scale of consumer culture (see Bathaee, 2014) to explore the effects of cultural dimensions in purchase

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decision making processes; in this sense, the study would entail insights for the marketing world and have future contributions in cross-cultural studies. Apart from consumer culture, anticipated-regret stepped into purchase-behavior studies and was analyzed to be both affected by consumer culture, and have interesting role in purchase variety seeking in the selected countries. To summarize the results all of the hypotheses were supported partly or fully in this study. First, interestingly, the effect of masculinity on variety seeking was found significant only for the Iranian sample; higher level of masculinity in this country could thus explain the status orientation, purchase competitions and the pleasure provided by change of purchasing brands and products. Variety seeking is among the most-practiced behaviors of Iranian consumers (see Bathaee, 2013, 2011). Second, the positive impact of individualism to anticipated regret in pan-country and German samples indicates the context-specificity of consumer culture. Unlike Iran and Finland, Germany is confirmed to be among individualistic cultures; higher level of the dimension in consumer culture would play active roles in consumer decision-making process. The hypothesis could be generally accepted — based on pan-country results; That is when we avoid clustering respondents based on their nationality, at individual-level the consumer culture proves to have effects. Still, having an eye on context and separating the sub-samples based on nationality would prove cross-cultural differences. This is among interesting challenges in cross-cultural studies and calls for further attention. Context (e.g., purchase task, consumption) needs to be declared and included as a background element in consumer behavioral studies.

Finally, perhaps the most noteworthy result in this study is the negative significant effect of anticipated regret on consumer variety seeking in all the three countries. To our knowledge, the impact has not been tested in a consumer behavior and cross-cultural context making this finding especially important; considering the results, we postulate this negative effect — known among hedonic consequences of anticipated regret (see Bathaee, 2013, 2014) — could be a universal context-free behavior of consumer. The finding calls for further cross-cultural studies regarding the role of anticipated regret in both hedonic and utilitarian behaviors of consumers in purchase situation.

However, some limitations need to be taken into consideration when acknowledging the generalizability of the results. First, limitation in most cross-cultural studies is the problem of culture-bound-interpretation; although we tried to limit this problem, the researchers’ own cultural filters may have inevitably influenced the interpretation of study findings. Thus some scale modifications and changes in translations are suggested in further attempts. Second the use of a self-reported data is also often confounded with a number of biases; thus adding qualitative attempts would be beneficial. In addition, cross-cultural studies have generally limitations in validity or reliability. The study had also measurement limitations thus the literature background and scale design of the modified dimensions need to be improved.

The findings provide valuable insights for international marketers with respect to consumer culture, avoiding possible disasters for innovative brands entering unknown markets. When companies are operating in a cross-cultural environment, cultural dimensions, such as individualism and masculinity, should not be overlooked. Cross-cultural similarities and differences may provide solutions to avoid possible costly tactics. We also believe the modern consumer benefits from anticipated regret as an application to manage emotional reactions and variety seeking was proved in all the three cultural backgrounds could be an alarming signal for marketers. It is time to change marketing strategies based on both psychological and cultural aspects of consumers. Considering the importance and distinctive functions of anticipated regret in consumer behaviors could invite marketers to avoid ignoring
the concept and focus on its cultural antecedence to prevent future failures. By testing the model in three countries, our research brings more light into the hidden aspects of consumer culture.

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Consumers’ Perceived Attributes of Selected Domestic Water Treatment Technologies and How These Affect Their Social Acceptance

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Abstract
This study examines the social acceptance of Selected Domestic Water Treatment devices in the form of Technological Innovations used in delivering important services that include water purification. The mixed approach employing both quantitative and qualitative techniques essentially utilizes an extended version of Rogers’ model of perceived innovation attribute that includes aspects of the Technology acceptance Model. Consistent with previous studies, the perceived innovation attributes of relative advantage and compatibility with life style are expected to be important determinants of the sample’s adoption decisions. However, two dimensions, namely ease of use and perceived usefulness are also expected to influence this consumer groups’ adoption decisions prominently, thus highlighting the complex nature of the innovation and adoption decisions for Domestic Water Treatment Technologies’ users.

Keywords: Innovation; social acceptance; perceived attributes; Domestic Water Treatment Technologies.
Track: consumer behavior

1.0 Background

This study is fundamentally concerned with the question of what drives the rural population, in this case village family households, to adopt or reject an innovation. In this study we examine the specific case of selected Domestic Water Treatment Technologies. Much of the available literature on adoption of new technological innovations particularly in the form of products and services is concerned with the success of new product launches (Black et al., 2001). Black et al (2001) add force to the argument that new product and service launches is not only an area of importance to academics, it is also important to practitioners particularly given the increasing rate of change in technology, the competition as well as in consumers’ needs. Black et al (2001) however, concur with previous studies that have shown that, the vast majority of innovations which are launched every year fail at considerable cost to those involved (Foxall, 1984; Rugimbana, 1998; Moldenhauer-Salazer, J. and Va’likangas, L. 2008; Williams, J. 2010).

It follows then that, a clearer understanding of the influencing factors behind the consumer decision of whether to adopt or not adopt an innovation is likely to be of considerable academic and practical value. Equally, from a consumer behaviour perspective, the issue of understanding the different usage patterns or “differential rates of adoption” as Black et al (2001) put it becomes an important area for researchers who seek to improve our understanding in this area. Domestic water treatment technologies are interesting innovations that lead to various other service implications. However, their service characteristics may imply a greater sense of perceived risk and uncertainty in terms of consumer evaluation. For this reason domestic water treatment technologies present particular interest for the understanding of the decisions for their social acceptance, adoption and corresponding usage patterns. This is an important observation which helps in setting the scene for this study. That is, essentially to assess the importance of the attributes or characteristics of selected domestic
water treatment technologies. Second, how these perceived attributes influence their adoption and usage patterns and as perceived by the residents of a South African rural area.

For the purposes of the study, two (2) types of domestic water treatment devices were used to gauge their social acceptance among nominated rural community households, that is, 1) the Bio-Sand Filter with Zeolites (BSFZ), and 2), the Silver Impregnated Porous Pot (SIPP). These devices represent complex and significantly different typologies of filtration systems. For example the BSFZ system relies principally on adsorption, or the chemical adsorbent power of Zeolites to purify water. Whilst Zeolites are widely used in industry for water purification or as catalysts the innovative feature of the BSFZ is in its combination with other natural bio-filters to produce purified water. The SIPP filtration system relies principally on the innovation that is based on impregnating the clay pot with silver nitrate prior to firing the pot. This causes it to be very different in its action efficiency from other documented silver-impregnated colloids silver pots that are coated with silver after firing the clay pot. These devices can be classified in behavioral terms as representing dynamically continuous innovations. The latter innovations are for the purposes of this study classified as innovations that involve some change in technology, although the product is used much the same way as its predecessors were used (Hawkins et al, 2010).

2.0 Overview of the relevant literature

The extant literature suggests that there are various diffusion models or Technology Acceptance (TA) models that have been developed to gauge the acceptance of technologies or products which are innovations by their nature. However it would appear that the most dominant theoretical framework for analyzing the social acceptance by way of adoption and non-adopton of innovations has been the Rogers (1962) model. Rogers (2003:265-266) identified five characteristics or attributes of innovations that affect the rate at which innovations are adopted (and ultimately their usage patterns): their relative advantage, compatibility, complexity, divisibility (trialability) and communicability (observability). Additional characteristics were later added; perceived risk (Ostlund, 1974) and financial and social cost (Zeithaml, 1981). In this model the perceived attributes of an innovation have been found to be the key predictors of whether or not an innovation will be adopted by consumers (Rugimbana, 1998, 2007; Zenko,& Mulej 2011). A number of these studies have also included the additional dimension of perceived risk (e.g. Ostlund, 1974; LaBay and Kinnear, 1981; Rugimbana & Iversen, 1994;2007; Zenko,& Mulej 2011). With respect to dynamically continuous innovations, a review of the relevant literature of the Diffusion of Innovations brings to light a number of important patterns. First many available works in this area have concentrated on providing evidence of the association between consumers’ acceptance/non-acceptance of these innovations with personal characteristics (Teo, 2001; Hinson, 2005), and more recently, intentions to use (Fusilier and Durlabhji, 2005). While the information gained from such associations has been useful, particularly in helping commercial organizations to understand and react to the more visible demands of the marketplace, the apparent lack of conclusive information about consumer usage patterns would suggest that research focus may need to be directed towards other factors. This is particularly true of the kind of innovations such as the domestic water treatment technologies and their patterns of usage. The present study was initiated in response to these apparent gaps such as domestic water treatment technologies.

3.0 Research Methods
Given the descriptive nature of the study, a quantitative approach involving a self-administered questionnaire was developed and pretested on some 4 participants and appropriate amendments made. The essential or core aspects of the instrument itself was based on the Rogers model. Since this conceptual frame has been tested in numerous studies for validity and reliability (Rogers, 1962; Rugimbana, 1994; 2007; Zenko, & Mulej 2011). These tests are not deemed necessary here. Due to time and budgetary constraints, a relatively limited “laboratory type” field work was undertaken focusing on one sizeable rural community in Roosseneekal, Limpopo called Makwane village comprising of 50 households. This allowed for a case study type of research whereby all 50 households were earmarked for sampling. Although the unit of analysis was the household, respondents were defined as one representative per household. The choice of the Makwane rural community by the researchers, was based on the satisfaction of two important criteria: 1) Makwane village was generally representative of rural communities that were currently experiencing problems relating to water quality and 2) Makwane village due its water quality problem falls within the strategic vicinity of large government sponsored environmental programmes. In order to utilise Makwane Village as a study site, formalities included the setting up and implementation of meetings between members of the project team and community leaders as well as other important stakeholders such as the municipality.

3.1 Administration and post hoc data collection techniques

The researchers implemented the study in three stages. Stage 1 involved the researchers selecting five households that were appropriately located and geographically accessible. Stage 2 involved the allocation of two domestic water treatment technologies so that each household representative had the opportunity to trial the two domestic water treatment technologies for a period of one week. Each selected “host” household was then provided with important information regarding the way in which the selected domestic water treatment technologies worked and how they should be handle5. Stage 3 involved the actual administration of the questionnaire interviews in a post hoc manner as well as collection of data from all the relevant participants by trained individuals. Consistent with the requirements of a descriptive cross sectional design, data collection was undertaken only once. Finally, and in keeping with “good Research protocol, all standard ethics criteria were observed.

4.0 Findings

Although the two chemically differing water treatment devices were found to be socially acceptable on all the perceived attributes of innovations tested, the BZSF performed marginally better than the SIPP in terms of the numbers of respondents agreeing or disagreeing on the attribute of Perceived Risk as demonstrated in figures 1 & 2 below. This result was attributed to the fact that respondents expressed some concern about “handling” a breakable device such as a pot, as well as the requirement to add “chlorine” a “potentially dangerous” substance to drinking water.

4.1 Convenience

As can be discerned from the Figure shown below, most respondents were of the view that the BSF-Z water purification device was socially acceptable on all the important perceived

5 The information provided to the selected ‘filter hosting’ households was over and above the detail provided to representatives of the village by the Researchers at a communal meeting that took place within the classrooms of the local high schools on the first day of the research study tour 29th February, 2014.
attributes of relative advantage or convenience of the BSF-Z (Figure 1a). This is important as it suggests that respondents are likely to adopt the device and keep using it as it has an attribute that is superior to previous ways of water purification. As can be observed from the figure shown above, most respondents were of the view that the SIPP water purification device was socially acceptable on all the important perceived attributes of relative advantage or convenience of the SIPP (Figure 1b). Just as for the BSF-Z above this response suggests that respondents are likely to adopt the device and keep using it so long as they perceive that it is superior to previous ways of purifying water.

Figure 1a: Conveniences BSF-Z

Figure 1b: Conveniences SIPP

4.2 Compatibility

Most respondents were of the view that the BSF-Z water purification device was socially acceptable on all the important perceived attributes of compatibility with their lifestyles (Figure 2.a). When technologies are perceived as being compatible with a given lifestyle that is a very important sign that it fits in culturally and from a values point of view. The chances of being adopted and maintained become very good. Figure 2b indicates that most respondents were of the view that the SIPP water purification device was socially acceptable on all the important perceived attributes of compatibility with their lifestyles. As in the case of the BSF-Z above, when technologies are perceived as being compatible with a given lifestyle that is a very important sign that it fits in culturally and from a values point of view. The chances of being adopted and maintained become very good (Figure 2b).
4.3 Perceived Risk BSF-Z

Respondents had mixed reactions as to whether the BSF-Z water purification device was socially acceptable on all the important perceived attributes of Perceived Risk, mainly in terms of handling (Figure 3a). The reason for these mixed findings could be largely attributed to the manner in which the questions were presented to respondents. Acknowledgement of the fact that the device could break if mishandled or could be subject to contamination is not a negative rather it is an important positive in terms of how well respondents understand the nature of the device being presented to them. These responses are very useful in the future development of these devices, their promotion and in the training of respondents. Respondents had mixed reactions as to whether the SIPP water purification device was socially acceptable on all the important perceived attributes of Perceived Risk mainly in terms of handling (figure 3b). The reason for these mixed findings can be largely attributed to the manner in which the questions were presented to respondents. Acknowledgement of the fact that the device could break if mishandled or could be subject to contamination is not a negative rather it is an important positive in terms of how well respondents understand the nature of the device being presented to them. These responses are very useful in the future development of these devices, their promotion and in the training of respondents.

4.4 Potential Delimitations

- Data was collected in a post hoc manner, due to resource constraints in relation to the budget that was available and the time schedule.
- Data was collected from only one village in the Roossenekal area and therefore findings are not readily generalisable to other communities or villages.
- Data was collected only a week after the filters were introduced.
- The research team made use of interpreters to collect data. This is a potential limitation even though the question items were fairly straightforward.

5.0 Conclusion

The study concludes that: Acceptance does not always infer long term usage. A large number of households indicated that they accepted the devices but not all of them actually used them throughout the week. Usage rate was mainly influenced by access, the perceived effort in ensuring water was drinkable, community enthusiasm and drive, municipal
involvement, misinformation and general education about the science of using the Devices. It is recommended therefore that a longitudinal approach to study adoption behavior of such devices be undertaken to test genuine adoption.

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CONSUMER BEHAVIOUR ABSTRACTS
Analysis of Ethical Consumption Behavior within a Super-Rich Market – Ethical or Materialistic Orientation?

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Abstract

This paper presents the results of an investigation into the Ethical Consumption Behavior (ECB) of consumers from a super-rich market where consumers are equally exposed to ethical and materialistic consumption environment. Online questionnaire based survey targeting Qatari consumers in a public university was conducted which resulted in 243 usable questionnaires. Positive and significant associations between ethics and ECB; environmentalism and ECB; fair trade attitude and ECB suggested that most consumers within this fast developing super rich market showed an interest in ethical consumption. However an insignificant association between materialism and ECB implied that consumers demonstrating ECB tendencies also showed favorable attitude towards materialism.

Keywords: Ethical Consumption Behavior, Super-rich Environment, Materialism

Track: Consumer Behavior
In this paper a new concept called the “illusion of typicality” is introduced in the context of word of mouth marketing communications. The illusion is that consumers can make product choices as if typical past review scores will essentially always reoccur in the future whereas rare past review scores will essentially never reoccur in the future. According to the conceptual framework, and as borne out in observations made in lab experiments, the illusion is most likely to operate when multiple review scores are learned about individually and thus require synthesis (“experience-based”) compared to when multiple review scores are learned about via an already-synthesized summary score (“description-based”). The illusion is mediated by the consumer’s (under-)estimate of the likelihood of previously rare scores reoccurring in the future.

Keywords: consumer choice; word of mouth communication; information formatting.

Track: Consumer behavior
Is Failing To Plan Always Planning To Fail? When Planning Facilitates Failure

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Abstract

Mental simulation involving envisioning a possible future scenario in the mind’s eye, has been found to positively affect self-regulatory behavior. In particular, imagining the steps necessary to complete a task, known as process simulation, is thought to be more beneficial for goal attainment than envisioning the completion of a task, referred to as outcome simulation. In the present research, we questioned whether this is always the case. Findings from two studies show that, under certain conditions, mental simulation results in decreased self-regulatory performance. Specifically, individuals were found to disengage from the pursuit of goal attainment following process simulation, but not following outcome simulation. The effect occurs when the simulated and the subsequent engaged-in regulatory task are the same. The opposite is true when the two tasks differ.

Keywords: planning, self regulation, ego depletion, failure

Track: Consumer Behavior
Back Into the Kitchen? Gender and the Micro-Politics of Household Consumption in Times of Austerity

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Abstract

This paper explores the responses of ten middle class Italian families’ to economic crisis. We find that their coping strategies are complex and time consuming and that much of the extra work involved tends to be undertaken by the female member of the household. These women tend to rely less on the marketplace for time saving products and services, replacing this with their own productive work in the home. Through practices of thrift and self-sacrifice they tend to redirect resources towards their partners and children abnegating their own needs for the greater good of the family. As such we observe that recessionary times stimulate a reinstatement of more traditional gender inequalities in the home. In closing we argue for a fuller understanding of intra-household resource flows and their associated gender politics in interpretive consumer research.

Keywords: austerity, consumption, family, gender, thrift, sacrifice

Track: Consumer Behaviour
The Quiet Man: Advertising Discourse and Transformative Fatherhood in Australian Women’s weekly 1950-2010.

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Abstract

This paper looks at how fatherhood, as part of the visual discourse around the family, has been portrayed in commercial print advertising in one popular Australian women’s magazine, Australian Women’s Weekly (AWW) since the 1950’s. It shows how the breadwinner model still persists despite the shift from the less engaged father figure of the 1950’s to a more active father in contemporary print advertising.

Keywords: Fatherhood, advertising, discourse analysis, family consumption, historical analysis

Track: Consumer behaviour
Understanding What Constitutes a Moderate Level of Incongruity

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Abstract

Schema congruity research has established that new products should have a moderate level of product attribute incongruity to existing products as this will lead to a more favourable evaluation. However, an important concern within this research stream is that the level of product attribute difference needed for a moderate level of incongruity is yet to be identified. The aim of this paper is to address this gap through using a consumer scanner data set containing 318 line extensions in a regression analysis. The findings not only demonstrate that an inverted U-shaped relationship existed between a line extension’s level of product attribute incongruity and its performance, but also that this relationship was asymmetric and furthermore, dynamic in that it decreases with each new product. In addition, the study has demonstrated the significance of the Gower distance coefficient as a measure of product attribute incongruity, or difference, which has important academic and practical implications.

Keywords: Line extensions, product attribute difference, schema congruity

Track: Consumer Behavior
Is Luxury Compatible with Sustainability? Investigating Implicit and Explicit Attitudes Towards Sustainable Luxury

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Abstract

The present research uses a mixed-method approach to investigate implicit / explicit attitudes towards sustainable luxury. Quantitative results showed participants predominantly associated luxury with unsustainability, clarifying inconsistent results in the literature. Qualitative results depicted a more complex picture, pointing to a contrast between internally and externally-derived labels of sustainable luxury.

Keywords: luxury, sustainability, mixed-methods

Track: Consumer Behavior
Understanding Consumer Ethics Drivers and Moderators

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Abstract

Within Australia, consumer misbehaviour was responsible for business costs totalling $7.5 billion (Mortimer 2012). Consumer misbehaviour occurs when consumers violate accepted norms in consumption situations (Fullerton and Punj 2004). There are multiple ways in which consumers can cheat businesses. In a series of studies, we explore consumer attitudes and intentions within unethical situations and strategies to minimise unethical behaviour. The first study considered peoples’ ethical judgments and intentions about the unethical acquisition of goods in low monetary stake situations, depending on firm size and industry. The second study builds on the first study and examines whether employee connectedness and brand anthropomorphism generate favourable attitudes despite a firm’s size and industry, leading to increased ethical behaviours. Hence, this work makes a contribution by the interlinking and exploration of consumer ethicality, firm size, industry type, employee connectedness and brand anthropomorphism. The results have concrete implications for marketers interested in the reduction of product shrinkage.

Keywords: Consumer ethicality, firm size, industry, employee connectedness, brand anthropomorphism

Track: Consumer Behaviour
Understanding the Effects of Background Music Congruence on Consumers: A Resource-Matching Perspective

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Abstract

We conducted an experiment (N = 380) to examine the cognitive and affective effects that congruent and incongruent music in a radio advertisement has on consumers when presented with different levels of message complexity. Our study shows that the resource-matching hypothesis was not fully supported; however, the results do show that music in radio advertising has the ability to reduce cognitive load and subsequently lead to improving recall and recognition of the ads message as well as attitude towards ad. However, our study shows a negative effect from incongruent music on memory, due to the increased cognitive load and cognitive dissonance caused by music incongruency. We offer insights to the understanding of music effects in advertising as well as the rationale for the differential effects caused by previous music incongruency studies.

Keywords: Music congruence, Ad message complexity, Cognitive Load, Cognitive Dissonance, Resource-matching hypothesis,

Track: Consumer Behaviour
The Impact of Moral Judgment on Consumers’ Willingness to Pay More

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Abstract

This research is an attempt to answer a recent call from media to examine whether Australian consumers are willing to pay more for their clothes. The media call was based on the premise of a factory collapse in Bangladesh, a key sourcing country of Australian clothing retailers causing a death toll of more than thousand labours. The paper focuses on how the components of a cause-related marketing campaign such as cause-brand fit, cause familiarity and cause importance influence consumers’ moral judgment en-route to their willingness to pay (WTP) more. Data was collected through a self-administered survey using mall intercept technique. The study revealed that the components of cause-related marketing positively influence consumers’ moral judgement and their WTP. Thus the paper shows evidence that Australian consumers are willing to pay more for their clothes, if the increased price is associated with ensuring well-being of the garment labourers who produce their clothes.

Keywords: Cause-related Marketing, moral judgement, consumers’ willingness to pay more

Track: Consumer Behaviour
Managing Service Cannibalisation in Nature Tourism Experiences

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Abstract

This case study reports on nature experiences of a glacier in a national park which is close to a major Highway, allowing freedom walkers easy access. A guiding service provides interpretative walks in the valley and also offers helicopter flights as the only access onto the ice. Phenomenological interviews of 24 international and NZ tourists showed that levels of annoyance with the helicopter noise in the valley were mediated by one or various factors. These included form of travel, the expectations they had of NZ and the Coast (targeted vs spontaneous destination), the signage and facilities contrasting with the ‘wilderness out there’, and the more remote walks and views demanding physical effort. Indications of top-down versus bottom-up salience processing mediating their memory of and annoyance with noise point towards opportunities for management to develop servicescape/environmental features to manage expectations and involvement. Indications are that both together help alleviate annoyance levels.

Keywords: Experience; modelling; natural quiet; information processing

Track: Consumer Behaviour
Consumers’ supplementary knowledge calibration as predictor of really-new product comprehension

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Abstract

Really-new products (RNPs) create new product categories for consumers. Consumers use their knowledge of similar categories (i.e., supplementary knowledge) to comprehend and evaluate RNPs. This paper shows that, besides actual supplementary knowledge (i.e., objective supplementary knowledge), subjective supplementary knowledge and supplementary knowledge calibration play an important role in RNP comprehension and net benefits evaluation leading to RNP adoption intention. In particular, findings reveal that calibration has a positive effect on objective comprehension when concrete information is presented to consumers. Moreover, subjective knowledge has a positive effect on subjective and objective comprehension whereas objective knowledge has a negative impact on subjective comprehension.

Keywords: Supplementary knowledge, Knowledge calibration, Subjective knowledge, Objective knowledge, Really-new product, New product adoption

Track: Consumer Behaviour
Many Hands Make…Different Work: Using Identity and Norm Effects To Stimulate Consumer Prosocial Behavior

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Abstract

This paper explores alternative means by which brands can encourage consumers to engage in prosocial behavior. Rather than altruism appeals, we suggest that brand owners use flexible and temporary social influence effects. A controlled field experiment shows that group salience and group goal positively influence collaborative behaviors, both between the consumer and the brand, and between the consumer and other beneficiaries. These effects were seen when creating rudimentary or ‘pop-up’ groups. We also find evidence of social identity effects and broader norm effects, distinguished by the mediating effect of social identification with the group. The effects also vary depending on prosocial request made of consumers (e.g. time or money), providing additional support for different routes to elicit such behaviors. These results shed light on group influences on consumer behaviour, and help practitioners develop effective strategies to collaborate with the consumer in achieving sustainability aims or, more broadly, collaboration aims.

Keywords: prosocial behaviour, consumer behaviour, social identity, group influence, sustainability.

Track: Consumer Behavior
The Influence of the Information Representation Mode and Decision Task
On the Magnitude of the Decoy and Compromise Effects

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Abstract

In this research, the authors examine how different types of information representation modes (graphical vs. numerical) and decision tasks (choice vs. reject) impact the context (decoy or compromise) effects. It is postulated that both the decoy effect and the compromise effect will be strong in the graphic information mode, and that only the decoy effect will be strong in the numerical information mode. For our decision task, it is predicted that the decoy effect will be stronger than the compromise effect in the choice task and the inverse result in the rejection task. The two empirical studies undertaken for this research support these predictions. The findings reveal that individuals employ different information processing depending on the type of information representation mode and decision task.

Key words: mode of information presentation (verbal vs. numerical), decision task (choice vs. reject), decoy effect, compromise effect

Track: Consumer Behavior
Value Creation and Consumption: When Consumer Creativity Generates Value in Online Forums

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Abstract

Over the last decade, resource integration has become a major focus of the literature on service dominant logic (SDL). To date, however, the mechanisms through which resource integration enables value creation in SDL remain elusive. In the present paper, we look at the role of consumer creativity in the value creation and resource integration process, using conversational analysis to show that consumer creativity contributes to the creation of value in online forums. Throughout the paper, we argue that creativity is a process that relates firms, brands and customers and plays a driving role in enabling resource integration to generate value.

Keywords: value creation, resource integration, creativity, service dominant logic, consumer behavior, conversational analysis

Track: Consumer Behavior
Mind the Gap!
Investigating the Cause of the Attitude-Behaviour Gap in Ethical Consumption

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Abstract

The attitude-behaviour gap in ethical consumption is a known phenomenon. A study of European consumers by Cowe and Williams (2000) found while approximately 30% of consumers suggest they care about ethical consumption only 3% of purchases reflect this; resulting in the attitude-behaviour gap. However, reasons for the gap remain relatively under-identified. This paper argues that the gap exists due to the dissimilar influences of implicit and explicit attitudes on behaviour.

Studies will be run to determine (a) the impact of information salience on explicit and implicit attitudes; (b) the different preference and choice responses explicit and implicit attitudes elicit and (c) the role of culture as a moderator of attitudes.

Keywords: attitude-behaviour gap; ethical consumption; dual model of attitudes; implicit association test; culture.

Track: Consumer Behaviour
The Dark Side of Beauty: How Feeling Beautiful Leads to Unrealistic Predictions

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Abstract

While previous research in psychology has shown that feeling physically attractive is overwhelmingly correlated with positive personality traits and better life outcomes, we argue that the effect of feeling beautiful can have negative behavioral consequences. We propose that feeling more physically attractive boosts people’s general self-confidence, causing them to become more optimistic about their future and display greater planning fallacy. Three experiments demonstrate that making people feel more beautiful makes them more optimistic about their future life events (study 1) and more susceptible to the planning fallacy, exhibiting a larger gap between predicted and actual task completion times (studies 2 and 3). We further show that the effect of feeling more beautiful is driven by the increase in general self-confidence.

Key words: Perceived physical attractiveness, Feeling beautiful, Planning fallacy, Optimism, General self-confidence, Judgment bias

Track: consumer behavior
Perceived Value, Attitudes and Complaining Behaviour: Some Initial Insights

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Abstract

Complaint behaviour is an increasingly important issue in services marketing, however little is known about the drivers of complaining. The present paper examines the role that perceived value of complaining plays in attitudes towards complaining and complaint behaviours. Emotional value appears to play the most (though not only) significant role, suggesting people who feel complaining will make them feel better emotionally are more likely to complain. Interestingly, perceived value is a better predictor of attitude towards complaining than it is of complaint behaviour. Future research into “real-world” complaining is needed, but this study provides a useful beginning point for what is likely to be a crucially important issue for marketers and service managers in the future.

Keywords: Complaining, Services, Perceived Value, Emotion
The Spiritual Nature of Collective Consumption Experiences: Defining Spiritual Value and Communitas

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Abstract
Spiritual value as a consumer value was identified by Holbrook (1999) around fifteen years ago, yet has not been developed further. Other scholars identify sacred characteristics of consumption experiences, such as communitas, without specifically referring to consumer value. Spiritual benefits through consumption may contribute to the overall health and wellbeing of consumers and are therefore important factors in understanding consumption preferences. This paper draws together literature from marketing, psychology, religion, health and anthropology to identify the relationship between communitas and sacredness recognised within the consumer culture literature, and spiritual value identified within Holbrook’s Typology of Consumer Value. Our work defines the terms communitas and spiritual value, extending Holbrook’s concept of spiritual value, paving the way for measurement of both concepts within a variety of contexts.

Keywords: Spiritual value, sacredness, communitas, consumer value

Track: Consumer behaviour
Predicting consumer behaviour: A synthesis of the theory of planned behaviour and the self-determined motivation

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Abstract

The purpose of this research is to develop a predictive model of consumer behaviour in synthesizing the theory of planned behaviour and consumer motivation. This research investigates the influence of self-determination on the relationship between the two normative components of attitude and behavioural intentions, which represent the integration of the Theory of Planned Behaviour and the Self-Determination Theory, to provide a nuanced understanding of the effects of intrinsically-based motivation and extrinsically-based motivation on behavioural intentions. The results show that the behaviour of consumers who report high levels of self-determination is strongly predicted by personal norms. Lastly, this research provides marketers with useful insights on how to develop more effective strategies to stimulate consumers’ intentions.

Keywords: Self-determined motivation, Theory of Planned Behaviour, personal norm, consumer behavioural intention

Track: Consumer behaviour
Applying the Functional Theory of Attitude to Counterfeit Purchase

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Abstract

Prior research on counterfeit purchase behavior does not explain the reasons for the differences in the underlying consumer motivation and decision-making process for counterfeit purchase. We address this gap with a new conceptual framework incorporating five attitude functions (value-expressive (AVE), social-adjustive (ASA), ego-defensive (AED), knowledge (AKN) and utilitarian (AUT)) to explore the differences in their direct and indirect influences on the evaluation of counterfeit products. We found support for the hypothesized direct influences of AVE (-ve), AED (+ve), AKN (+ve) and AUT (-ve) on counterfeit product evaluation. Our findings also revealed that AKN and AUT, respectively, moderated various direct influences of other attitude functions on counterfeit product evaluation. This study offers a new perspective to examine the direct and interactive impacts of different consumer motives on counterfeit purchase decision. All these will provide useful inputs for policy makers and authentic brand marketers to fine-tune their strategies to deter counterfeit purchase.

Keywords: counterfeit purchase, attitude function

Track: Consumer Behavior

Acknowledgment: The work described in this paper was supported by a grant from the Hong Kong Polytechnic University (Project A/C: G-UA76)
An Exploration of the Emotional Experience and Return Intentions of Cricket Spectators

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Abstract

In the sport consumption literature emotions are an important area. In spite of this, there has been comparatively very little research executed to analyse the emotional experience of spectators. The rationale of this study is to comprehend the emotional experience of cricket spectators as a result of overall game experience and to investigate the relationship between emotions, game experience, and return intentions. Personal construct theory is employed to examine emotions during cricket games. A mixed methods research design is utilized encompassing repertory grid interviews and a quantitative survey to detect and comprehend relevant emotions with regards to cricket spectators. The results here indicate that six emotions are pertinent in the cricket spectating context with most of these emotions having a strong relationship with both game experience and return intentions. This investigation highlights the use of an alternative approach of researching sport consumption emotions. This study helps cricket managers to deal better with the emotional experience of their spectators.

Keywords: Consumer Behaviour, Cricket, Sports marketing, emotions

Track: Consumer Behaviour
Veiling in Stigma: How Does Fashionable Practice Becomes Reprehensible Innovation?

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Abstract

Fashionable clothing choices can lead to social stigmatization. Embracing a religious ideology may affect the way we evaluate our religious practices (e.g., veil). In this paper, I argue that some of our own religious practices can get stigmatized. The paper examines the psychological keystones of fashionableness adoption and levels of stigmatization. Salafi ideology is presented as a context that may play a role in clarifying the relationship between fashionableness adoption and social stigmatization. The study’s findings present main effect of fashionable adoption on social stigmatizing. Moreover, findings show that perceived innovation mediates the relationship between fashionableness adoption and social stigmatization.

Keywords: Stigmatization, Fashionableness, Innovation

Track: Consumer Behaviour
Tobacco Excise Taxes: What Happens When an Agent of Change Meets an Addictive Behaviour?

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Abstract

While tobacco excise taxes are the most effective tool for reducing smoking prevalence, they have disproportionate effects on lower income smokers. To explore low income smokers’ experiences of using tobacco in an increasingly constrained financial context, we interviewed 27 participants living below the poverty line immediately following an excise tax increase. Participants’ positioning of tobacco as a pleasure in difficult lives contrasted with statements that revealed it as a burden they struggled to manage. All participants had adjusted their consumption and sacrificed other purchases, and some had engaged in behaviours that reduced their self-esteem and others’ perceptions of them. To reduce smoking among people with few resources, individual level interventions that humanise smokers and provide long-term cessation support should accompany macro measures such as tax increases. Failure to develop such complementary measures could further alienate a marginalised group and put at risk goals to reduce smoking to minimal levels.

Keywords: Low income consumers; smoking cessation; stigma; public policy

Track: Consumer behaviour
Consumer Embeddedness – Determinant of Value Cocreation Behaviour in Service Systems

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Abstract

The concept of an actor’s embeddedness has gained prominence in organisational studies literature, providing in-depth insights into how relational contexts shape individuals’ behaviours. However, the concept of consumer ‘embeddedness’ is rarely discussed in marketing, particularly in the context of service-dominant logic research. This significantly limits the extant understanding of factors that influence resource integration and value cocreation in service systems. Against this background, this study develops a conceptual framework to empirically establish the relevance of embeddedness as an invaluable construct in understanding consumers’ value cocreation processes. In doing so, this study introduces the notion of structural, relational and cultural embeddedness and investigates the impact of embeddedness on their value co-creation behaviours. Overall, this study contributes to our theoretical understanding of how resource integration and cocreated value depend on consumers’ embeddedness.

Keywords: embeddedness, value cocreation behaviour, service –dominant logic

Track: Consumer Behaviour
The Impact of Salient Missing Information in Single and Joint Decision Contexts

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Abstract

Consumers make choices in one of two basic modes: “single” and “joint” evaluation. Evaluation mode has been found to impact how easy and/or difficult product information is to evaluate and in turn to impact on consumer choice. Missing information further complicates this decision making process. This study investigates the impact of missing attribute level information on utility for choice alternatives in single vs. joint evaluation modes. Further, this study examines whether the evaluability of attributes can explain differences in the impact of missing information across decision contexts. This study uses discrete choice experiments, imposing an availability design. Results suggest that missing information impacts both the systematic and random components of utility. Further, missing information for hard to evaluate attributes has a greater impact on choice variability in joint evaluations. The findings offer greater understanding of the interaction between evaluation mode and missing information, and the impact on choice.

Keywords: Missing information, Evaluation Mode, Choice modelling

Track: Consumer Behaviour
Abstract

Sharing, one of the oldest and most basic forms of consumption has frequently been theorised as an altruistic form of giving (Belk, 2010). These conceptualisations are predominantly based on western and rather individualistic cultures. Consequently, there is a need to explore different culturally infused meanings and practices of sharing and how they implicate consumption. Thus, in this paper, we re-visit the conceptualisation of sharing in consumer research by adopting a South Asian cultural lens to expand current understanding of its nature and influence on identity and consumption. By drawing from a longitudinal and deep ethnographic research study, which explored the role of sharing in new family formation in Sri Lanka, we discuss several ways in which sharing could be perceived differently across cultural landscapes. Particularly, we elaborate that the culturally infused sharing we present here could be perceived as non-altruistic, forced, and masculine in western cultures.

Keywords: Sharing, Cultural Consumption, Family Consumption, Identity Negotiation, Ethnography

Track: Consumer Behaviour
Determining Factors Affecting Intention to Purchase Halal Labelled Cosmetics and Personal Care Products

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Abstract

This paper focuses on determining the factors that influence consumers’ purchase intention on halal labelled cosmetics and personal care products in Malaysia. A self-administered questionnaire was designed and a survey was conducted among university students. A total of 573 students responded. The results indicate that most respondents were aware of the halal labelled cosmetics and personal care products in Malaysia. Six factors namely usage experience, religiosity, halal logo and certification, subjective norm, attitude and knowledge were obtained from factors analysis. However, only knowledge, usage experience, subjective norm and religiosity were found to be significant. This study will provide cosmetic industries with a greater understanding of the consumer behaviour relating to halal labelled cosmetics and personal care products. This will help them to produce cosmetic products which can satisfy consumers’ needs and wants and at the same time increase their profit and corporate social responsibility.

Keywords: halal labelled cosmetics, personal care products, structural equation modeling, Malaysia

Track: Consumer Behaviour
Choice of suppliers in livestock industries – a contextual study of beef cattle producers in Australia

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Abstract

Research into the choice of suppliers in livestock industries is unique because of its context; particularly its relevance to small family based businesses. In a qualitative study of breeders of beef cattle, grounded theory was used to explore the motivations that influence their choice of suppliers of breeding stock. It was found that graziers’ choices relate substantially to social and personal motivations, as well as to the economically based influences that pervade agriculturally based academic literature and industry publications (Ouma, Abdulai & Drucker, 2007; Troxel et al., 2002; Zander & Drucker, 2008). The results of this qualitative study indicate that both normative and utilitarian considerations, which have hitherto been primarily associated with consumer behaviour (Fishbein & Ajzen, 1975) are responsible for choice of suppliers in this business-to-business purchasing context.

Keywords: market motivations, choice of suppliers, beef cattle

Track: Consumer behaviour
Social Marketing for Community Resilience: MOA and Disaster Preparation.

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Abstract
This exploratory paper examines the applicability of the Motivation, Opportunity and Ability (MOA) theoretical framework to a key target behaviour in disaster preparation – becoming more involved in community to ultimately contribute to community resilience. The MOA framework has been applied to public health and social issues in order to identify an individual or group in terms of their motivation, opportunity and ability and then to determine how best to persuade that individual or group to act in a positive direction. To date the framework has not been applied to building resilience within communities. After examination of each component of the MOA framework as it relates to the context of building community and ultimately community resilience we conclude that the MOA framework offers significant utility in the planning and implementation of social marketing efforts in order to bring about the building of community resilience.

Keywords: social marketing, community resilience, MOA framework, disaster preparedness
Track: Social Marketing

1.0 Introduction
Disasters have been a factor of human existence since time began with theories about their causation a function of scientific knowledge, religious beliefs or philosophies of the day (Bergman 2008; Chester 2005). Disasters may occur as a result of nature, technology or human causes (McFarlane & Norris, 2006) and can happen at any time. Even knowledge that one lives within a tsunami or earthquake prone location does not provide protection from the suddenness and fear of potential loss and harm inherent in such events. The World Health Organisation has emphasised the human component, suggesting that disasters such as this should not be referred to as “natural disasters” as this suggests lack of control, when the main concern is the resulting impact for people, which is a result of the response made to the disaster. The human response to a disaster is something for which some control is possible. The WHO definition reads,

The nature and scale of threats inherent in hazards vary. The risks and potential for disasters associated with natural hazards are largely shaped by prevailing levels of vulnerability and measures taken to prevent, mitigate and prepare for disasters. Thus, disasters are, to a great extent, determined by human action, or lack thereof. (World Health Organization, 2014)

McFarlane and Norris (2006) similarly describe a disaster as a “potentially traumatic event that is collectively experienced” (p.4). Baker (2009) refers to disasters as “socially constructed” (p.114). This is not to deny the impact that the physical, geographical forces have, but to shift our frame of reference away from the forces of nature (and thus largely uncontrollable), to focusing on the impact and response of humans.

In considering the mitigation of disaster effects, studies have focused on the concept of resilience. Resilience, as Norris et. al. (2008, p. 127) point out, comes from the physical world, where a resilient structure or material is one which “bends and bounces back, rather than breaks, when stressed.” Jordan, Javernick and Will (2012) also concur that for resilience in a disaster; one requires “the ability to withstand disaster impacts as well as to cope with...
those impacts and recover quickly” (p 2192). These authors also classify resilience indicators into four categories: infrastructure, social, economic and institutional, and distinguish between inherent resilience which means the affected subject is able to withstand the disaster with little loss, from adaptive resilience which refers to the ability to adapt and access resources in order to cope with the disaster. It is the social dimension of response to “natural disasters” (earthquakes, tsunamis, floods, volcanic eruptions), in light of adaptive resilience, that this paper focuses upon.

The social element of disaster response and recovery has received considerable attention in academic literature, and public policy related reports. Aldrich (2011; 2012; 2013) in particular found strong evidence to suggest that communities with strong social ties and positive social capital had greater collective or community resilience, and were able to respond more rapidly and effectively to disasters. Norris et. al. (2008) note that resilience should not be seen as an outcome, but is more accurately viewed “as a process linking a set of adaptive capacities to a positive trajectory of functioning and adaptation after a disturbance” (p.130). Of community resilience they note that: “resilience emerges from a set of adaptive capacities – community resilience from a set of networked adaptive capacities” (p. 135). Disaster literature has highlighted that the resilience of a community is one of the most important factors contributing to a community’s ability to recover from a disaster. Thus, a key element of disaster preparation is to build communities which are resilient. These communities are connected, engaged, empowered and ready to respond.

With the above in mind and as a first stage in our study, this exploratory paper investigates the Motivation, Opportunity and Ability (MOA) framework (MacInnis, Moorman & Jaworksi, 1991, Rothschild, 1999) as a potentially valuable tool through which community resilience can be understood and built. Furthermore, by examining the phenomenon of resilient communities through the application of a social marketing lens, our work contributes to a better understanding of how individuals could be persuaded to build and become a part of such a community. This view is supported by other emergent literature that focuses on the potential social marketing has as a useful and systematic approach for bringing about disaster and emergency preparedness (see, Guion, Scammon & Borders, 2007; Marshall et al., 2007).

The remainder of this short paper is as follows. First we outline the MOA framework, explaining each component part. Next we address how community resilience could be built, through a social marketing approach using the theoretical foundation of the MOA framework. The paper concludes with our assessment of the applicability of the framework to resilient community development as part of positive response to natural disasters.

2.0 The MOA Framework

The MOA framework initially developed by MacInnis, Moorman and Jaworksi (1991) as tool to examine consumer processing of advertisements was further developed by Rothschild (1999) as a tool for examining consumer response to public health and social issues from a MOA perspective. Rothschild (1999) concluded that the identification of an individual or group in terms of their motivation, opportunity and ability related to a public health or social issue could enable identification of how best to persuade that individual or group to act in a positive direction. Since Rothchild’s (1999) initial application of MOA to the public health context, MOA has been applied to other social issues and social marketing studies (eg. Binney, Hall & Shaw, 2003; Dann, Harris, Mort, et al. 2007; Rundle-Thiele, Russell-Bennett, Leo, et al. 2013). However, we believe that as yet it has not been applied to persuasion that would cause individuals to become more a part of their community: to participate in the community, build and develop a greater sense of community, with the ultimate goal of contributing to and being a part of a resilient community. Although a connected, empowered, responsive community is more than a single individual’s action,
ultimately it is individuals forming groups and actions such as meeting neighbours, attending neighbourhood parties, etc. that will lead to the kind of community which is more likely to be characterised as resilient in a disaster.

MacInnis, Moorman and Jaworski (1991) define motivations as the “goal-directed arousal; desire/willingness to process brand information” (p 93). Rothschild (1999) notes that consideration of this goal-directed arousal, means that individuals will be more motivated to engage in the behaviour if there is an apparent benefit to themselves. For opportunity, MacInnis, Moorman and Jaworski (1991) suggest that marketers consider the opportunity the consumer has to comprehend the communication, bringing attention to the “distraction or limited time to attend to brand information” (p.43). In the public health context, Rothschild (1999) notes that social marketers need to be aware of the lack of opportunity for the individual to change their behaviour and suggests that marketing efforts could potentially introduce an effective environmental mechanism in which opportunities could become apparent. Finally, ability refers to an individual’s skill or proficiency at solving problems (MacInnis, Moorman & Jaworski 1991). Rothschild (1999) also relates this to Bandura’s (1977) self-efficacy theory, where individuals with high self-efficacy feel that they are able to conduct the desired behaviour. Ability, notes Rothschild, may be supported via education and reinforced through marketing efforts.

3.0 MOA and the building of community resilience
3.1 Motivation

In terms of earthquake preparation, a priori, it would appear that the benefit of motivation is obvious, suggesting that motivating individuals should not be difficult. If individuals are prepared, they are more likely to survive. However, Paton (2007) and Becker, Paton, Johnston, and Ronan (2013) found this logic to be complicated by several factors. The first lies in individual perceptions and beliefs. Becker et al. (2013) identify these beliefs as beliefs about the hazard, preparation and the self. Hazard beliefs revolve around the belief or acknowledgement that there is a risk – that the hazard exists and it may in fact happen “to me.” Preparation beliefs focus on whether or not preparation will in fact make a difference, otherwise known as ‘outcome expectancy’. If individuals hold a positive outcome expectancy, they feel taking action and becoming prepared will be helpful to them. Alternatively, a negative outcome expectancy, the belief that preparation would be futile, would lead to little preparation (Paton, 2007; Becker et. al., 2013). Beliefs about the self relate to personal beliefs of self, including self-efficacy as well as responsibility to self and others (Becker et.al., 2013). Becker et.al. (2013) also identify locus of control as being a hazard belief, although we suggest this is a personal element, reflecting whether they feel they have control over circumstances. Two additional beliefs are also suggested in the literature. The concept of a self-positivity bias, (Guion et al., 2007), may lead individuals to not engage in preparation as they have a feeling of invincibility. In addition to this, Paton (2007) suggests that some individuals may in fact feel that they are more prepared than they actually are. When they feel more prepared, they do not feel they need to take more action (Paton, et al, 2000 c.f. Paton, 2007, p. 14). This final observation suggests a return to the idea of “preparation” in which initiatives to encourage individuals to meet their neighbour, to become more connected and engaged in the community is one which many may not feel is on the “must do’s” of earthquake preparation.

If social marketers want to encourage people to engage with their community, with the outcome of contributing to a more resilient community, there are a number of beliefs which may impede the motivation to do so and would need to be addressed through attitude modification. In particular a positive belief that connecting with, and becoming more engaged
in their community as important for disaster preparation needs to be fostered. Beliefs that would need to be reinforced include the beliefs that:

- there is, in fact, a real risk which may well affect them at any time,
- preparation is likely to help them in a disaster (positive outcome expectancy), and that preparation should involve becoming more connected with the community,
- they are capable of engaging with their community and therefore becoming more prepared (self-efficacy),
- they are in fact at risk and not invincible (self-positivity bias),
- they have a responsibility to themselves and to others,
- they have some element of control over the hazard, via preparation which includes community engagement.

3.2 Opportunity

Earthquake preparation, at its basic level to ensure self-reliance, involves actions such as retaining enough water and food, and having first-aid kits and documents ready at hand. When we consider engagement in the community, the actual actions associated with this, and opportunities to engage in this behaviour, become less clear. It is in the idea of an environmental mechanism, and in McMillan and Chavis’s (1986) examination of a sense of community that some suggestions appear. McMillan and Chavis (1986) suggest that a sense of community requires four factors. The first is membership, which has a number of attributes: (1) boundaries to provide the group some structure and security - emotional safety; (2) a sense of “belonging and identification” for the individual; (3) a personal investment; (4) a common symbol system. The second factor is influence, or an opportunity for the individual to feel that they have some say, but that the group as a whole is cohesive. The third factor is rewards or fulfilment; there needs to be a sense that the individual gets something from this membership in the community, that there are skills and competencies in the community, as well as a sense of shared values. The final and arguably most important are the shared emotional connections. These arise, from a “shared history” which is a result of the frequency of interaction and positive experiences, the importance of the shared events, investment made, honour received and something more difficult to quantify, but what the authors call a “spiritual bond” (McMillan & Chavis 1986, p.13).

Opportunities need to be provided to encourage individuals to become a part of their community. For some it may seem daunting, to set up a street party that provides boundaries, interactions, rewards and even spiritual bonds. Boundaries, such as a physical geography and interaction and rewards may be relatively easy to establish. An emotional connection is difficult to orchestrate. However conversation and frequency of positive interaction is likely to, over time, contribute to the magic mix of ingredients.

3.3 Ability

As noted earlier, Becker et al. (2013) found that self-efficacy was important to individual preparedness. If individuals feel that they cannot in fact prepare, this has the effect of reducing their ability to do so. Incorporating the idea of becoming part of a community raises another facet of self-efficacy. For those individuals who are more introverted or less confident this could be a real and insurmountable barrier to action. However, authors also suggest that emotional security and social norms are important to preparation (Becker et al., 2013) and to a person’s sense of community. Considering social norms this suggests there needs to be a collective action and acceptance by the ‘many’ within a community that participation and involvement is a social norm. This may enable many, and perhaps reduce the uncertainty of those less confident. Thus, to develop strong communities, it will be necessary to move a core mass of individuals to change their behaviour.
While we do not suggest that individual personalities can be changed, factoring in these individual, emotional elements and social norms are critical to successful design of a social marketing campaign. Some individuals may need a more formal role in establishing a community disaster response, such as a position where persuasive ‘power’ may be used, while others may require a smaller, safer behaviour, such as “saying hello” to their neighbour, or agreeing to have their name on a list of residents in the community.

4.0 Conclusion

This discussion has considered a key target behaviour in disaster preparation – becoming more involved in community to ultimately contribute to community resilience. Examining this problem from the perspective of MOA suggests that the beliefs which underlie the hazard, what’s involved in preparation, and the extent to which the individual feels they can and should prepare, will influence motivation. Examination of opportunity suggests that a range of community involvement projects could be provided to develop an environment in which individuals see opportunity to become a part of a community. Consideration of ability highlights both an understanding of individual limits and potential barriers. To conclude, we believe that the application of a theoretical framework such as MOA offers significant utility in the planning and implementation of social marketing efforts in order to bring about the building of community resilience. We would welcome future empirical research in this area.

References


Abstract

Social marketing addresses social issues in ways that enhance the quality of life of individuals and society as a whole (Hastings et al., 2012). Indeed, social marketing is advocated by Kotler and Lee (2009) as a fitting framework for addressing social inequities such as those experienced by minority groups. This paper reports the outcomes of a two-year research project that successfully developed pathways for Aboriginal and Torres Strait Islander students to move from school-to-university. Our case study was undertaken within a participatory research paradigm employing a range of upstream, mid-stream and downstream efforts to attend to the barriers that constrain Aboriginal and Torres Strait Islander peoples’ access, participation, success and completion of higher education. Ultimately, effective pathways to university creates opportunities for Aboriginal and Torres Strait Islander people to undertake a university degree, leading to a myriad of benefits for individuals, their community and Australian society as a whole.

Keywords: social marketing, Aboriginal and Torres Strait Islander peoples, education

Track: Social Marketing

1.0 Introduction

While the boundaries of social marketing are currently being renegotiated (e.g. Wymer, 2010) and social marketers consider re-tooling so as to more effectively engender behaviour change for the social good (e.g. Gordon, 2012); the principle remit of social marketing remains steadfast — to enhance the well-being of individuals and society at large (Hastings et al., 2012). It can be seen from the growing number of social marketing case studies, successful outcomes result from a precise and nuanced understanding of the context and the barriers that may exist; and then the careful and multi-faceted navigation of complex interrelationships among multiple stakeholders (Hastings et al., 2012). Our paper reports the successful outcomes of our longitudinal social marketing research project that sought to address, albeit incrementally, the persistent under-representation of Aboriginal and Torres Strait Islander peoples undertaking university study in Australia and the resultant gap between the educational attainment of the Aboriginal and Torres Strait Islander population and the non-Aboriginal and Torres Strait Islander population (IHEAC, 2008; Oliver et al., 2013; Wilks and Wilson, 2014).

2.0 Building Aboriginal and Torres Strait Islander human capital through education

Enhancing the access, participation, retention and success of Aboriginal and Torres Strait Islander peoples is critical to enabling them to exercise their rights to participate fully in Australian society (Price, 2012). The impact of colonisation and the entrenched struggles of Aboriginal and Torres Strait Islander people cannot be separated from understandings of their experiences of education (Fredricks et al., 2014). There are many individual benefits...
associated with completing a university education, such as the acquiring of skills and knowledge which in turn raises productivity, employability and earnings potential (Blöndal et al., 2002). Often unseen by the individuals completing university studies, is the development of human capital. Human capital is vitally important in the economic growth of society with university education seen as a critical mechanism (Blöndal et al., 2002; Chatterji, 1997). Indeed, the long term failure to increase the rate of Aboriginal and Torres Strait Islander peoples’ participation in Australian higher education was the catalyst for relatively recent and significant investments by the Australian Government to address social inclusion. A strategy that mirrors the investments made by other nations decades earlier and investments that are reaping positive outcomes for those nations (Bradley et al., 2008).

The importance of a university education becomes more significant for minority cultures (Irwin, 1996). New Growth Theory supports the need for Aboriginal and Torres Strait Islander peoples to achieve a university education, as the increase in human capital will close the gap (Krugman, 1991). Accordingly, if Aboriginal and Torres Strait Islander peoples are to prosper economically, socially and culturally — and thus overcome the inequalities created by cultural imperialism — university education is central to develop the human capital needed to achieve this end (IHEAC, 2008; Kemmis, 1997; Schwab, 1996).

2.1 Aboriginal and Torres Strait Islander peoples’ participation in higher education

Education has been a central activity in Aboriginal and Torres Strait Islander cultures, with knowledge passed down from one generation to the next (Aboriginal Education Board of Studies New South Wales, 2012). A number of recent reviews by the Australian Government have highlighted the under-representation of Aboriginal and Torres Strait Islander students in higher education as significant and necessitating intervention (e.g. Behrendt et al., 2012; Bradley et al., 2008). Aboriginal and Torres Strait Islander students represent 1.1% of university degree students yet comprise 2.2% of the working age population (Behrendt et al., 2012). These statistics show that Aboriginal and Torres Strait Islander students are below population parity rates whereby the percentage of university students should equal the population (Wilks and Wilson, 2014). National data indicates that VET/TAFE enrolments are higher than university enrolments (Wilks and Wilson, 2014) and university enrolments are declining and/or unstable (Healy, 2005). Hence, there is an apparent need to reverse this declining trend and to stabilise and grow enrolments (Bradley et al., 2008; IHEAC, 2008). Aboriginal and Torres Strait Islander peoples are under-represented in degree courses and over represented in enabling or non-award courses in Australian universities (Bourke et al., 1996; Schwab, 1996). This, coupled with higher attrition rates, means that Aboriginal and Torres Strait Islander peoples are disadvantaged with regards to undertaking university and reaping the subsequent benefits for themselves and their community (Bourke et al., 1996; Wilks and Wilson, 2014).

Social marketing interventions need to be whole-of-university and holistic to effectively attend to the transitional needs of Aboriginal and Torres Strait Islander people and to bring about change (Oliver et al., 2013). Furthermore, social marketing interventions must extend beyond the university to secondary schools via proactive, early and targeted university outreach activities (Behrendt et al. 2012).

2.2 Aboriginal and Torres Strait Islander peoples’ decision to go to university
There are many factors that influence the decision to attend university in general. However, there is a paucity of research on how Aboriginal and Torres Strait Islander students approach higher education decisions. What is known, is that potential students need to make three critical decisions being a) do I go to university?; b) which institution will I attend?; and c) which program will I complete? (Soutar and Turner, 2002). Additionally, personal factors influence Aboriginal and Torres Strait Islander student participation in Australia. Potential students’ aspirations, confidence and the cultural appropriateness or safety of the institution (e.g. appropriateness of curriculum and support structures and environment) influence Aboriginal and Torres Strait Islander peoples’ decision to attend university (Bin-Sallik, 1991; Lukabyo, 1995). Furthermore, being a positive role model to other Aboriginal and Torres Strait Islander people, to work for their community and to meet community expectations also influence participation in higher education (Bourke et al., 1996; Wilks and Wilson, 2014).

Against this background the complexity of Aboriginal and Torres Strait Islander peoples’ participation in university becomes evident. As recommended by the literature (Behrendt et al., 2012; IHEAC, 2008; Wilks and Wilson, 2014), developing effective school-to-university pathways is best to centre on two strategies, being a) the sampling of an authentic university experience for secondary school students; and b) connecting directly with secondary school students to increase awareness of the options and possibilities that university study can bring.

3.0 Methodology

Our longitudinal project was undertaken within a participatory research paradigm. Participatory inquiry focuses upon practical, living knowledge and involves self-reflective action and the active engagement of the researchers in the experience or process (Reason, 1994; Lincoln and Guba, 2000). Three approaches to participation were engaged in our research project — being, cooperative inquiry, participatory action research and action inquiry — all of which are focused upon experiential ‘knowing’ (Reason, 1994). The methods employed were selected to engender cultural safety, to suit Aboriginal and Torres Strait Islander peoples education needs as well as the associated aims and objectives of the case university. Importantly, the research team was led by, and comprised of, Aboriginal and Torres Strait Islander people. Human Ethics Approval, which included Elder endorsement, was conferred prior to the commencement of the project.

We used a case study approach to our empirical inquiry into a contemporary phenomenon in its real life context (Yin, 1994). Case study methodology was deemed the most suitable approach for our research as we undertook a holistic, in-depth investigation (Feagin et al., 1991). As to be expected with participatory, case study and longitudinal research, our study comprised a number of strands of activities and various phases over the two-year life of the project (Denzin and Lincoln, 1998). Where data was collected, it was predominantly qualitative and its purpose was descriptive and explanatory. Different types of data were collected from various participants and involved an interpretive, naturalistic approach to the subject matter (Denzin and Lincoln, 1998).

There were a multitude of participants for this study including: Aboriginal and Torres Strait Islander university and school students and their families and communities; staff at the case university and other education institutions associated with the project, such as the schools feeding into the case university. Where appropriate, data was collected through field notes, meetings and systemic documents. Anecdotal data also featured. At the case university
data relating to how secondary students engaged with project initiatives were collected predominantly through discussions with the university’s Aboriginal and Torres Strait Islander Officers. It is important to note that secondary school privacy and confidentiality policies did not permit the collection of data from students and parental consent was not always able to be secured. While this constrained the type and detail of the data collected directly from secondary school students, the university’s Aboriginal and Torres Strait Islander Services Officers were effective proxies as they had established relationships with, and were members of, the Aboriginal and Torres Strait Islander community. As such, they were in a valuable position to relay accurate information and observations about the research project.

4.0 Resulting strategies, goals and outcomes

4.1 Strategy 1: Increase Aboriginal and Torres Strait Islander secondary students access, participation, retention and success in the existing university-wide ‘Headstart’ program

At the commencement of our research project, scholarships were provided for up to three Aboriginal and Torres Strait Islander Year 11 or Year 12 students to take part in a university-wide program that gives students the opportunity to experience university life by undertaking one or two courses. Secondary students would undertake university course/s while simultaneously completing their senior studies. The program had attracted a small number (n = 6) of Aboriginal and Torres Strait Islander secondary students in the five years it had been operating; representing 1.3% of the total number of students who participated. The ‘Headstart’ program offered guaranteed entry into most degrees at the case university upon successful completion of two courses and after students obtained their Queensland Senior Certificate. Furthermore, academic credit was provided by the case university for successfully completed courses.

Our goals were to a) increase interest and build aspirations among Aboriginal and Torres Strait Islander secondary school students to participate in the program; b) to increase enrolment in the program; and c) to create mechanisms that enabled participation, supported academic achievement and encouraged students’ continuation on to Bachelor degrees. We undertook a number of activities, including: attaining representation of Aboriginal and Torres Strait Islander staff on the program’s organising committee, designing and implementing a mentoring and ‘safety net’ process; mapping of the program structure and experiences of previous and current Aboriginal and Torres Strait Islander students to reveal trends and using this to develop messages to be disseminated to schools and the community; and restructuring school talks and liaison visits to feature more information about the program with pursuit wider distribution of the communication materials to younger students.

The key outcomes of this strategy were fivefold. There was an additional nine (9) Aboriginal and Torres Strait Islander secondary students enrolled in the two years of the project; and around half of these students successfully completed their course/s. Approximately 40% of the Aboriginal and Torres Strait Islander students that participated in the ‘Headstart’ program articulated to Bachelor degrees and these enrolments were across all faculties at the case university. Finally, data at the end of our research project indicated that there was higher retention of these students in their Bachelor degrees once they commenced.

Furthermore, the integration of two systems of contact and mentoring created an effective ‘safety net’ that both supported and enabled the achievement of the Aboriginal and Torres Strait Islander students’ academic goals and enhanced their university experience. Also,
the case university provided scholarships for all of the Aboriginal and Torres Strait Islander secondary students in the program and upon conclusion of the project, there remained promising discussions as to the provision of financial assistance with travel and textbooks.

4.2 Strategy 2: Cultivate a schedule of specialised school talks and liaison visits for Aboriginal and Torres Strait Islander secondary school students

With only occasional and ad hoc visits to secondary schools by the Aboriginal and Torres Strait Islander Services Officers prior to our research project, the need to develop a regular and more comprehensive schedule of talks and visits was a clear priority. This pathway from schools-to-university was underdeveloped at the case university, limiting the number and the strength of relationships with secondary schools in the region. This restricted the direct dissemination of information about university studies to Aboriginal and Torres Strait Islander secondary students and their families.

Our goals for this strategy centred on the development of a regular, structured and strategic schedule of school talks and liaison activities with a tentative target of talks and visits to up to 25 secondary schools in the case university’s primary geographic catchment area. We pursued a structured and strategic approach to school talks and liaison visits with the view that it would be effective in building aspirations, demystifying the university experience, and building stronger relationships with secondary students and their families. Furthermore, regular presence in secondary schools would convey a concrete, long-term commitment by the university, assuaging perceived risks of both the Aboriginal and Torres Strait Islander community and secondary school governance groups.

Working with university staff from other divisions that were responsible for outreach activities and also collaborating with staff from the State education unit, the first phase of this strategy sought to clarify objectives. In particular, our activities centred on seven objectives being a) to increase the frequency of secondary school visits; b) to increase the number of secondary schools visited; c) to develop ways to log activities and interactions; d) to build stronger relationships with school staff and other sectorial partners such as VET/TAFE; e) to develop an appropriate, culturally safe protocol for the school talks and liaison visits; f) to dovetail with other university secondary school liaison activities; and g) to review and improve promotional materials used in the school talks and liaison visits.

The outcomes of this strategy was a total of 24 school talks and liaison visits with information on university study presented directly by Aboriginal and Torres Strait Islander Services Officers to 557 Aboriginal and Torres Strait Islander secondary students over the two years of the project. This intensified schedule of school talks and liaison visits seemingly contributed to the increase in Aboriginal and Torres Strait Islander enrolments by 25% during and in the immediate time after conclusion of our research project. Also, school talks and liaison visits became an embedded practice and expanded by a further 10 secondary schools to reach approximately 800 students. The case university was, and has since continued to be, awarded a 4-star rating for Aboriginal and Torres Strait Islander peoples’ participation by the Australian Good Universities Guide.

5.0 Conclusion

At our case university over two-years, we developed successful and workable school-to-university pathway transition strategies for Aboriginal and Torres Strait Islander peoples
that included wide dissemination of information about university studies, in accordance with the recommendations of Wilks and Wilson (2014). We aspired in our social marketing research project to attend to, albeit incrementally, the higher education gap between Aboriginal and Torres Strait Islander peoples and other Australians. Our endeavours have brought benefits to the individual students and their families, the Aboriginal and Torres Strait Islander community and the case university. Key to the success of our program was the upstream and midstream support provided by the university and the willingness of multiple stakeholders to improve the educational pathways for students in a meaningful and sustainable way. Our outcomes have boosted the quality of life and social well-being, as is the intended outcome of social marketing (Kotler and Lee, 2009).

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Barriers to and Enablers of Effective Individual and Community Sustainability Communication

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Abstract
The challenges facing those communicating the potential impact of sustainability to individuals and social groups are discussed, including major factors that influence behaviour change decisions. We highlight the complexity of factors impacting on individuals’ attitudes, beliefs and actual behaviour adaptation and suggest that current communication strategies could be significantly improved through greater understanding of adaptation decisions and the key barriers to, and enablers, of sustained positive behaviour change for individuals and communities. The paper concludes with recommendations for transdisciplinary research to focus on improvements to message clarity and communication and an understanding of the way messages are accessed and synthesised.

Keywords: Social marketing, sustainability, social capital, community, behaviour adaptation, behaviour change
Track: Social Marketing

1. Introduction

In this paper, we discuss the factors that should be taken into account in designing effective sustainability interventions. We identify deficiencies in extant communication models and suggest ways in which more robust hybrid models can be developed for the communication of sustainability messages, including the need to change behaviours and specific behaviours that are desired. We move from individual factors to focus on potential barriers to, and enablers of sustained behaviour change within group and community-based contexts.

2. Communication of the Need to Adapt

2.1 The Information Deficit Gap
Lack of knowledge (i.e. ‘information deficit’) is held to be an impediment to both attitude and meaningful behavioural change (Semenza et al., 2008) but the concept fails to recognise the complex interaction of values, experience and other factors in achieving (or not achieving) successful and sustained behaviour change (Lorenzoni et al., 2007). Attitude change towards performing specific behaviours is necessary, but also complex as attitudes are multi-factored and interact with a number of other key factors in influencing behaviour, especially norms and self-efficacy (Fishbein, 2008). Further, attitude change alone is unlikely to be effective in achieving sustained behaviour change as a focus on individual voluntary change ignores social, environmental, structural and institutional barriers to behaviour change (Ockwell et al., 2009). People will take action only they perceive beneficial personal consequences, but they are also influenced by social interactions with others in their communities (Gooch and Rigano, 2010). A further barrier may also be a perception that changing one’s own behaviour will not make any difference in the face of the magnitude of potential environmental challenges such as climate change (Semenza et al., 2008).
2.2 Assumption of ‘Spillover effects’
Policy makers assume, without evidence, that ‘spillover effects’ will occur, i.e., people can be “ushered onto a virtuous escalator” (Thøgersen and Crompton, 2009: 143) whereby behaviours performed in one setting will automatically lead to changes in another setting (Barr et al., 2011) and that small behaviour changes will lead to larger change and catalysts for other changes, but there is evidence that this does not automatically occur (Corner and Randall, 2011). Doing one pro-environmental behaviour may be seen as compensating for other environmentally detrimental behaviours, i.e., spillover effects may be negative rather than positive (Mazar and Zhong, 2010). Thus communication that focuses on single behaviours, e.g. recycling, is unlikely to impact on other potentially sustainability actions.

2.3 Message Sources and Communications Theory
Mass media provides most of the general public’s knowledge of science and risk perceptions (Foust and O’Shannon Murphy, 2009). Consumers no longer use individual media, but rather multiple media simultaneously. Within social networks, marketers cannot control the outcome of discussions; anyone can post opinions and readers may find it difficult to assess the relative credibility or veracity of sources and claims (Campbell et al., 2011). Behaviour change messages will not occur in isolation, but will be subject to a range of competing messages and social encouragement / discouragement, including peer and family influences, perceived and actual behavioural norms. Traditional communications theories, such as Hierarchy of Effects models no longer offer complete explanations of communication processes. For example, AIDA (Awareness, Interest, Desire, Action), originally developed a century ago, is of limited relevance to the contemporary communication context (Barry and Howard, 1990; Barry, 1987). These types of models were predicated on marketer controlled, one-way information flow and came to prominence during an era in which mass media were dominant and the prevailing belief was that advertising was a strongly persuasive force. These models acquired the status of accepted wisdom in spite of considerable evidence that, even before the Web 2.0 era, they were not universally applicable (Jones, 1990).

Future research should involve a re-examination of the relevance of traditional communication theories for the 21st century environment, together with newer - but in the sustainability context largely untested – models. For example, the Technology Acceptance Model (TAM), the Innovation Diffusion Model (Premkumar and Bhattacherjee, 2008) and various hybrid models that combine the TAM with more widely known behaviour change models. Extensions of the Theory of Planned Behaviour, such as the Integrative Model of Behaviour Prediction and Change (Fishbein and Cappella, 2006) place more focus on the influence of background factors than its predecessors, including, importantly, the role of intervention activity and media exposure. Further, different population segments may be driven more strongly by attitudinal factors, normative influences or perceived self-efficacy, i.e., the ability to change behaviour and sustain that change. A behaviour that is attitudinally driven in one population or culture may be normatively driven in another (Fishbein and Cappella, 2006). In the sustainability context, the use of the TPB and other related theories has been descriptive rather than analytical; its power as a predictive tool has yet to be tested.

3. Improving Communication Effectiveness and Message Framing
The aim of intervention communications is to increase the strengths of beliefs that will increase positive behaviours and reduce the strength of beliefs that promote negative behaviours. The premise is that beliefs related to positive actions will carry more weight as determinants of attitudes, norms, self-efficacy and intentions (Fishbein and Cappella, 2006).
A key factor that needs to be considered in terms of facilitating effective communications is whether messages are framed in terms of potential losses or gains to an individual. No one single framing approach is applicable across all intervention types. In low-involvement conditions positive messages appear more effective, whereas the reverse is true for high-involvement conditions (Donovan and Jalleh, 1999). People are reluctant to act in response to information that contains ambiguity or uncertainty (Morton et al., 2011). While positive framing fosters greater self-efficacy, in health contexts it can have a boomerang effect if the message conflicts with pre-existing knowledge, attitudes and beliefs (Wolburg, 2006). Effectiveness is also enhanced when the personal salience of messages is coupled with ways of building or reinforcing self-efficacy and presenting low cost solutions and support (Spence et al., 2010). A barrier to the acceptance of the need for change may be unrealistic optimism, risk denial or the perception of low risk where first hand experiences of consequences may be lacking (Spence et al., 2011). However, before this is achieved, issues relating to the capacity of individuals to understand must be addressed.

4. Capacity to Understand: Time Dimensions and Functional Literacy

Individual’s ability to visualise the future is only 15 – 20 years for most people (Tonn et al., 2006); 50 years seems to be the longest conceptualization limit (O’Neill and Hulme, 2009), with scenarios projected beyond this being seen as largely hypothetical (Lorenzoni et al., 2007), thus talking about what will happen in a hundred years or by the end of the century is unlikely to be ineffective. Functional literacy, defined as whether a person is able to understand and employ printed information in daily life, at home, at work and in the community (Nutbeam, 2008) presents another challenge. Varying definitions of literacy make cross-study comparisons difficult, however there appears to be agreement that some 20% of the population of most developed countries have severe literacy problems and a further 20% have limited literacy (Adkins and Ozanne, 2005). The Adult Literacy and Life Skills Survey uses a five-level assessment of literacy, for which Level 3 is regarded as the “minimum required for individuals to meet the complex demands of everyday life and work in the emerging knowledge-based economy” (Australian Bureau of Statistics, 2006) and gives the following estimates of the percentage of the population in the lowest two quintiles: literacy: 47%, numeracy: 53% and problem solving: 70%. The implications of this for individuals, groups and communities must be considered in developing future interventions.

5. Role of Communities versus Individuals: Achieving a Balance

5.1 Sustainability and Adaptation

Few people now question or deny the gravity of the sustainability issues being faced both nationally and internationally: environmental degradation, food security challenges and climate change present complex problems that have the potential to adversely impact the sustainability of individual and community lifestyles and health issues (Peattie and Peattie, 2009; Berry et al., 2011). It is recognised that the majority of current sustainability indicators are based on a national-level data that may “miss critical sustainable development issues at the local level and may fail to measure what is important to local communities” (Reed et al., 2006: 406). Mitigation focuses on reducing the impacts of factors that impact on sustainability such as climate change while adaptation focusses on coping with its impacts (Laukkonen et al., 2009). Mitigation efforts have a primarily global or national focus, but adaptation needs to be local (Vasi, 2007). There is increasing recognition for research to inform policy in areas such as to what extent various adaptation measures can help achieve sustainability goals, what policies are need, and how they can be applied – and funded.
Communities themselves may vary widely in terms of their ability to adapt to change (Ivey et al., 2004). It has been argued that community adaptive capacity ranges from ‘powerless spectators’ (who lack capacity, skills and resources) through ‘coping actors’ (who have the capacity to adapt but who may not be doing so effectively), to ‘adaptive manager’ communities (who have high levels of both adaptive and governance capacity) (Fabricius et al., 2007). “Adaptive capacity will not necessarily translate to adaptation” (Berrang-Ford et al., 2011: 25). The ability of communities to take control of their own change management activities is important as many interventions are predicated on the assumption that communities are better able to understand their own needs and to develop, or co-create, appropriate solutions to challenges (McKenzie-Mohr, 2000). Existing systems, structures and norms present significant barriers to sustained behaviour change (Moloney et al., 2010). Additional challenges relate to competing knowledge and parochialism and the “commons dilemma” whereby personal advantage overrides common interests (Aitken et al., 2011). A key factor in achieving successful adaptation by individuals and communities to external influences and changes is the concept of social capital which is now discussed.

5.2 Social Capital

“Social capital is a necessary condition for sustainable community development as it enhances linking ties that increase access to resources outside the community. Social capital in and of itself however is not always sufficient to sustain and develop local community initiatives” (Dale and Newman, 2010: 5).

Its precise meaning, dimensions and mechanisms are unclear, due, in part, to the fact that the concept has multiple definitions stemming from disparate disciplinary approaches including economics, political science, sociology and anthropology and other social sciences. The definition used in the context of complex socio-ecological systems is “the social norms, networks of reciprocity and exchange, and relationships of trust that enable people to act collectively” (Armitage et al., 2009: 96). The diverse disciplinary interest has resulted in a lack of standardised measurement instruments (Van Der Gaag and Snijders, 2005) and of empirical data across all aspects of society in which social capital may have a role (Sabatini, 2009). There has been an over-emphasis on easily measured utilitarian economic factors at the expense of other aspects of community sustainability, well-being and adaption, such as cultural and non-material impacts (Adger et al., 2011). Variations in perceptions of social capital within the public sector have thus led to a lack of direction as to how to implement it – i.e. it “does not distinguish between what social capital is and what it does” (Franke, 2005: 6). The various forms of social capital are important when governmental agencies are not actively involved in planning for major adverse events or in recovery from them: “The rolling back of the state in times of crisis or “adjustment” often means that this substitution of social capital is a necessity, rather than a choice” (Adger, 2003: 397). Successful adaptation requires social networks, leadership and trust (Folke et al., 2005); positive impacts of social capital are evident when strong ties exist and there is a belief that working together can make a difference in identifying effective behaviours and motivating others to support the activity (Foster-Fishman et al., 2009). However, the fact that social capital may have positive or negative impacts is not widely recognised. Negative social capital may reinforce inequalities, exclude ‘outsiders’ or restrict freedom to act (Adhikari and Goldey, 2010). Negative social
capital may generates negative outcomes for a whole group such as a reduction in norms, (in) tolerance of ‘outsiders’ or may produce positive outcomes for some at the expense or exclusion of others (Patulny and Svendsen, 2007). Understanding how positive and negative impacts vary across different types of communities, the factors that enhance or diminish social capital, such as inequality, exploitation and power tactics (Onyx et al., 2007) and the impact, positive or negative, of policy implementation is needed (Talbot and Walker, 2007).

6. Conclusions and Directions for Future Research

We have detailed the complexity of factors potentially impacting, both positively and negatively on communication of the need for behaviour change in order to achieve sustainability aims. We have also illustrated the need for research focussed on the interactions of individuals and communities with marketing communication channels. Future research would benefit from using a transdisciplinary approach that uses concepts, theories, research approaches, analytical methods and strategies for the interpretation of findings to develop shared conceptual frameworks that integrate and transcend individual disciplines (Mâsse et al., 2008). Key features of this approach include recognition that no one group has a monopoly on knowledge and that collaborations must be created ‘not only between different academic disciplines but between researchers and non-academic groups with a stake in the problem under investigation’ (Balsiger, 2004: 161).

References


Keeping International Visitors Safe on Australian Beaches: Informing the content of Surf Safety Messages

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Abstract
In Australia, international tourists/visitors are one of the highest risk groups for drowning at beaches. Swimming in patrolled areas, between the flags, reduces the risk of drowning with most drownings occurring outside these areas. There is a need to understand beliefs which influence the extent to which international tourists/visitors intend to swim between the flags. The theory of planned behaviour (TPB) and, in particular, the indirect beliefs which underpin constructs in the model, represent a means of determining what factors influence this intention. The current study compared international visitors/tourists as having either low or high intentions to swim between the flags on a range of behavioural, normative, and control beliefs. A series of MANOVAs revealed significant differences between the groups in all three of the beliefs. The findings provide insight into potential foci for message content for use in educational campaigns aimed at keeping international visitors safe on Australian beaches.

Keywords: Surf Safety Messages, Theory of Planned Behaviour (TPB)
Track: Social Marketing

1.0 Introduction
Australia, and particularly the state of Queensland, is renowned and marketed as the land of golden sands and rolling surf. In fact, much of the imagery used in promotional activities suggests unlimited access to continuous stretches of unspoilt coastline. It is not surprising, therefore, that visiting the beach is one of the most popular activities of international tourists and visitors (herein referred to as international visitors) to Queensland (Tourism and Events Queensland, 2014). Unfortunately, however, international visitors are one of the highest risk groups for drowning when visiting Australian beaches.

During the 2012/13 season, in Australia, there were 121 coastal drownings. Of these, 53% occurred at beaches and, of these beach drownings, 46% occurred less than 1 kilometre from the nearest lifesaving service. Of those individuals who drowned, 36% were known to be of foreign ethnicity and 7% were international visitors (Surf Life Saving Australia, 2013). In Queensland, in the same period, there were 8 beach drownings, all (male) visitors and all were outside the patrolled (or red and yellow flagged) areas. Conversely, no lives were lost on Queensland beaches between the red and yellow flags (SLSQ, 2013). These results reinforce previous research which has shown that the likelihood of being rescued and successfully resuscitated decreases with increasing distance from patrolled areas (Fenner, Harrison, Williamson and Williamson, 1995; Manolis and Mackie, 1988). The aforementioned evidence highlights that surf safety is a significant issue for international visitors and that there is a need to understand the factors which influence international visitors’ likelihood of swimming between the flags. The current research aims to address this issue by examining key beliefs which influence international visitors’ intentions to swim between the flags.
With tourism in Queensland expected to continue to grow, as well as swelling numbers for events such as the Commonwealth Games in 2018 (Tourism and Events Queensland, 2014), Queensland is well placed to lead the way in initiatives aimed at promoting surf safety to international visitors. This paper aims to gain a better understanding of the key beliefs/motivations which influence international visitors’ intention to swim between the flags. By understanding such beliefs, this understanding will inform the development of the content of persuasive messages which may be used to reach this at-risk audience and ultimately to encourage them to adopt safer surf behaviour (i.e., swim between the flags). A useful decision making model to understand the factors influencing a person’s decision to enact a behaviour such as swimming between the flags, is the Theory of Planned Behaviour.

2.0 Conceptual Foundations
2.1 Theory of Planned Behaviour
The Theory of Planned Behaviour (TPB) has been applied across various behaviours to understand the underlying beliefs which influence a person’s intention to behave in a particular way (Ajzen, 1991) including factors predicting individuals’ surf safety (White and Hyde 2010). According to the model, the most likely determinant of a person’s behaviour is their intention to perform it. This intention is influenced by three constructs or direct influences; attitude, subjective norm, and perceived behavioural control (PBC). In addition, and of most relevance to the current paper, the TPB proposes that these direct constructs are determined by underlying, indirect beliefs (Ajzen, 1991). Attitude refers to how an individual evaluates a behaviour and it is underpinned by behavioural beliefs. Behavioural beliefs incorporate those aspects which may represent advantages or disadvantages of engaging in the behaviour. For instance, a perceived advantage of swimming between the flags for some individuals may be feeling safe while a perceived disadvantage may be feeling crowded. Subjective norms, or the extent to which one perceives that important others would approve of one engaging in a particular behaviour, are underpinned by normative beliefs (regarding the salient normative referents who may approve or disapprove of the behaviour). PBC relates to an individual’s perceived control they have over whether they engage in the behaviour. PBC is underpinned by control beliefs relating to the perceived barriers which prevent one’s engagement in the behaviour and perceived facilitators which may encourage the behaviour. For instance, perceived barriers may include the absence of flags or distance to travel to get to a patrolled beach. The value of this approach in terms of investigating the key beliefs underpinning behaviours and using the knowledge gained to inform persuasive communication messages has been demonstrated in regards to other health and injury-prevention related behaviours (e.g., speeding; see Horvath, Lewis, & Watson, 2012; Lewis, Watson, White, & Elliott, 2013).

2.3 The Current Study
This paper will examine beliefs underpinning international visitors’ intentions to swim between the flags. To ensure an understanding of what it means to “swim between the flags”, participants were informed that the patrol flags referred to the “red and yellow flags that identify the area where it is safe to swim at the beach”. In particular, we investigate the differences in the behavioural, normative, and control beliefs between individuals classified as either being of low or high intentions (to swim between the flags at the beach in the next 2 weeks). The purpose of the paper is to gain an understanding of significant differences in beliefs between low and high intenders in order to better inform the development of strategies (public education messages) to target those beliefs which influence behavioural enactment. Consistent with the TACT principle of the TPB (see Ajzen, 1991), the target behaviour was
identified in relation to action, context, and time. Specifically, the target behaviour investigated was an individual’s intention to swim between the flags at the beach in the next 2 weeks.

3.0 Methods
3.1 Elicitation Study
Prior to the main study, an elicitation study of the TPB beliefs was conducted with N= 32 individuals (10 male, 22 females) aged between 18 and 61 years. Participants were recruited from and included English speaking Australian residents/visitors who had resided in Australia for more than 3 months, who could swim, and went to a patrolled beach on a regular basis. The most common responses and most frequently occurring beliefs were used to form the belief-based TPB measures in the main questionnaire.

3.2 Participants
Ethical approval was granted from the university’s human research ethics committee. Data was collected at beachside markets in South-East Queensland. Participants were asked preliminary questions to establish eligibility. Eligible participants were then informed about the study and invited to complete the questionnaire. Each participant received an AUD$5 scratch-it.

The final sample for whom data was analysed for this study involved N = 69 participants who self-reported their citizenship status as: Asian (n = 14), European (n = 14), North American (n= 10), South American (n = 2), New Zealand (n = 28), or Middle East (n= 1). In terms of gender and age of the sample, there were close to equal numbers of males and females with 56.5% (n = 39) being female and the total sample’s age ranged from 18 to 64 years with a Mean age of 35.82 years (SD = 13.62 years)\(^6\).

3.3 Measures
The questionnaire assessed standard TPB items as specified by Ajzen (1991). The outcome measure of intention was measured by 3 items including, for example, “I intend to swim between the flags at the beach in the next 2 weeks”. The scale was reliable (Cronbach alpha =.90). These items were measured on a 7 point Likert scale from (1) strongly disagrees to (7) strongly agrees.

For the beliefs, all items were measured on 7-point likert scales ranging from Extremely unlikely to Extremely likely (with a Not applicable option added in regards to the normative beliefs). Specifically, behavioural beliefs were measured by 5 items relating to the perceived advantages/ disadvantages of engaging in the behaviour including, for example, feeling safe and being crowded. The question stem was, “How likely is it that swimming between the patrol flags at a beach in the next 2 weeks would result in the following?”. Normative beliefs were measured by 4 items including normative referents of family members, partner/boyfriend/girlfriend, friends, and surf lifesavers. The question stem was, “How likely is it that the following individuals or groups of people would approve of your swimming between the patrol flags at a beach in the next 2 weeks?”. Control beliefs were measured by 7 items assessing the perceived barriers of the behaviour, including absence of patrol flags and lack of knowledge about the location of the nearest patrolled beach. The question stem was, “How likely are the following factors to prevent you from swimming between the patrol flags at a beach in the next 2 weeks”.

\(^6\) One respondent did not provide their age

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4.0 Results
A series of MANOVAs were conducted to test the differences in behavioural, normative, and control beliefs between low and high intenders to swim between the flags at the beach in the next 2 weeks. Consistent with previous research which has investigated differences in the beliefs of low and high intenders of various behaviours (e.g., Horvath et al., 2012; Jimmieson et al., 2009), the independent variable was created using a median split on intentions to swim between the flags at the beach in the next 2 weeks thus generating a dichotomous variable of low \((M = 4.23, SD = 1.53; n = 26)\) and high \((M = 6.90, SD = .20; n = 41)\) intenders. It is noted that the mean intention score for those participants classified as the low intenders in this study was relatively high and above the midpoint of the 7-point Likert scale. The dependent variables for each of the MANOVAs were items in regards to (i) behavioural, (ii) normative, and (iii) control beliefs.

Table 1 Low versus high intenders on behavioural, normative, and control beliefs

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>Low intenders Mean (SE)</th>
<th>High intenders Mean (SE)</th>
<th>F</th>
<th>Sig</th>
<th>Partial η²</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Behavioural beliefs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feeling safe</td>
<td>5.31 (.21)</td>
<td>6.69 (.17)</td>
<td>29.98</td>
<td>&lt;.001</td>
<td>.30</td>
</tr>
<tr>
<td>Feeling crowded</td>
<td>5.19 (.29)</td>
<td>5.64 (.24)</td>
<td>1.42</td>
<td>.237</td>
<td>.02</td>
</tr>
<tr>
<td>Having someone look out for my safety</td>
<td>6.04 (.14)</td>
<td>6.69 (.12)</td>
<td>12.63</td>
<td>.001</td>
<td>.17</td>
</tr>
<tr>
<td>Feeling limited in my choice of where to swim</td>
<td>4.69 (.37)</td>
<td>4.28 (.30)</td>
<td>0.73</td>
<td>.397</td>
<td>.01</td>
</tr>
<tr>
<td>Swimming in a safer area (e.g., no rips or sharks)</td>
<td>6.00 (.16)</td>
<td>6.62 (.13)</td>
<td>8.61</td>
<td>.005</td>
<td>.12</td>
</tr>
<tr>
<td><strong>Normative beliefs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family members</td>
<td>4.31 (.47)</td>
<td>5.85 (.38)</td>
<td>6.56</td>
<td>.013</td>
<td>.09</td>
</tr>
<tr>
<td>Partner/boyfriend/girlfriend</td>
<td>4.46 (.41)</td>
<td>6.15 (.34)</td>
<td>10.07</td>
<td>.002</td>
<td>.14</td>
</tr>
<tr>
<td>Friends</td>
<td>4.46 (.37)</td>
<td>6.28 (.30)</td>
<td>14.52</td>
<td>&lt;.001</td>
<td>.19</td>
</tr>
<tr>
<td>Surf Lifesavers</td>
<td>5.04 (.36)</td>
<td>6.54 (.30)</td>
<td>10.30</td>
<td>.002</td>
<td>.14</td>
</tr>
<tr>
<td><strong>Control beliefs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Absence of patrol flags</td>
<td>4.80 (.38)</td>
<td>5.54 (.32)</td>
<td>2.28</td>
<td>.136</td>
<td>.04</td>
</tr>
<tr>
<td>Lack of knowledge about the location of the nearest patrolled beach</td>
<td>5.12 (.34)</td>
<td>4.91 (.29)</td>
<td>0.21</td>
<td>.647</td>
<td>&lt;.01</td>
</tr>
<tr>
<td>Having to travel a long distance to a beach with patrol</td>
<td>4.52 (.41)</td>
<td>3.88 (.35)</td>
<td>1.38</td>
<td>.244</td>
<td>.02</td>
</tr>
<tr>
<td>Planning to swim for a short time only</td>
<td>4.32 (.38)</td>
<td>3.83 (.32)</td>
<td>0.97</td>
<td>.329</td>
<td>.02</td>
</tr>
<tr>
<td>Planning to swim close to the shore only</td>
<td>4.84 (.36)</td>
<td>3.91 (.30)</td>
<td>3.89</td>
<td>.053</td>
<td>.06</td>
</tr>
<tr>
<td>Laziness</td>
<td>4.20 (.36)</td>
<td>3.23 (.30)</td>
<td>4.28</td>
<td>.043</td>
<td>.07</td>
</tr>
<tr>
<td>Better waves outside the patrol flags</td>
<td>3.56 (.33)</td>
<td>2.17 (.28)</td>
<td>10.65</td>
<td>.002</td>
<td>.16</td>
</tr>
<tr>
<td>Calmer water outside the patrol flags</td>
<td>3.52 (.37)</td>
<td>2.63 (.31)</td>
<td>3.42</td>
<td>.069</td>
<td>.06</td>
</tr>
</tbody>
</table>

* Significant at the adjusted alpha level.

**Behavioural beliefs.** Wilks lambda revealed that there were significant differences between low and high intenders in relation to their behavioural beliefs, \(\lambda = .67, F (5,59) = 5.86, p <.001,\) partial \(\eta^2=.33\). Closer inspection of the univariate effects, as shown in Table 1,
revealed that low intenders significantly differed from high intenders on three of the five behavioural beliefs (when evaluated with an alpha level of .01), such that high intenders were more likely to agree that swimming between the flags when at the beach in the next 2 weeks would be advantageous in terms of feeling safe(r), having someone look out for my safety, and to be swimming in a safer area (e.g., no rips or sharks) than low intenders.

**Normative beliefs.** Wilks lambda revealed that there were significant differences between low and high intenders in relation to their normative beliefs, $\lambda = .77$, $F(4,60) = 4.62$, $p = .003$, partial $\eta^2=.24$. Closer inspection of the univariate between-subjects effects, as shown in Table 1, revealed that low intenders significantly differed from high intenders on all but one behavioural beliefs (when evaluated with an alpha level of .0125), such that low intenders were less likely to agree that a partner/girlfriend/boyfriend, friends, or lifesavers would approve of their swimming between the flags than high intenders. Of note, in regards to the fourth and final normative beliefs, family members, the difference between the groups approached significance at $p = .013$, and once again (albeit not significant at the reduced level of alpha), low intenders were less likely to agree that family members would approve of their swimming between the flags than high intenders.

**Control beliefs.** Wilks lambda revealed that there were significant differences between low and high intenders in relation to their control beliefs (i.e., those factors which would prevent them from swimming between the flags at a beach in the next 2 weeks), $\lambda = .73$, $F(8,51) = 2.40$, $p = .028$, partial $\eta^2=.03$. However, closer inspection of the univariate effects, as shown in Table 1, revealed that there was only one difference which was significant (when evaluated with an alpha level of .00625). Specifically, low intenders were more likely to consider that there being better waves outside the patrol flags as a factor which would prevent them from swimming between the flags (at a beach in the next 2 weeks) than high intenders.

**5.0 Discussion, Limitations and Contributions**

This study considered the underlying beliefs of international visitors in regards to their intentions to swim between the flags in an effort to better inform future surf safety messages targeted at this group. Overall, a number of significant differences were found between the beliefs of low and high intenders, thus, offering insight into motivations to target in persuasive safety messages. In particular, most differences emerged in relation to the behavioural and normative beliefs which were examined. These findings suggest that, in order to persuade low intenders (i.e., to persuade them into having higher intentions to swim between the flags), there may be value in messages promoting the advantages of swimming between the flags as well as messages which emphasise that important others would approve of this behaviour.

In regards to behavioural beliefs, low intenders were less likely to consider feeling safe, having someone look out for my safety, and swimming in a safer area (e.g., no rips or sharks) as advantages of swimming between the flags relative to high intenders. Collectively, these findings suggest that high intenders appear more able to readily identify the positive implications for safety which are swimming between the flags offers. Thus, in order to increase this belief in low intenders surf safety messages could highlight the role of lifesavers in keeping people safe by choosing and patrolling the safest areas on the beach. It may be beneficial for messages to raise awareness of the dangers of swimming at the beach but, also highlighting how such risks can be reduced by knowing that life savers are there to keep a
watch out for one’s safety and determining the safe(r) places to swim (e.g., no rips). This content implies that a fear-based message may be of assistance here in terms of first raising awareness of the risks of drowning when swimming in the surf but, then also accompanying this information with strategies about to keep oneself safe. A substantial body of research has shown the important persuasive role played by information provision стратегии с пе́рвым приори́тетом и последующим обменом информации с策略 about to keep oneself safe. A substantial body of research has shown the important persuasive role played by information provision/strategies with persuasive health messages (see Lewis et al., 2010, 2013).

When considering normative beliefs, there were significant differences between low and high intenders on almost all beliefs regarding the key normative referent groups examined. Inspection of the mean scores indicated that low intenders were less likely than high intenders to believe that important others would approve of them swimming between the flags. Thus, a normative-based campaign appears warranted in which individuals are made aware of how not only those close to them such as partners and friends but, also surf life savers highly value the importance of one engaging in surf safety. A message may, for instance, depict the positive emotions associated with enjoying a safe day of swimming at the beach; the sharing of good, happy, and safe times with important others. An alternative approach which, while still targeting normative beliefs, may be a fear-relief message in which an individual is depicted as getting into trouble when swimming in the surf, thus raising feelings of fear; however, the individual is then assisted by a surf life saver thereby reducing fear and increasing feelings of relief. Acknowledging that Tourism Australia is keen not to scare international tourists from wanting to swim in the surf (Ballantyne Carr and Hughes, 2005), the key element of such fear-relief messages would be the inclusion of the key strategy to reduce risk, namely, swimming between the flags. As noted previously, the provision of strategies in an emotion-based persuasive message is crucial to enhancing acceptance yet minimising rejection (see Lewis et al., 2010, 2013). The inclusion of a key, effective strategy for ensuring surf safety would help individuals to focus on what they can do to help keep themselves safe.

In some respects, the results regarding the control beliefs were surprising, given that only one significant difference between low and high intenders. Specifically, low intenders were more likely to consider that there being better waves outside the patrol flags was a factor which would prevent them from swimming between the flags (at a beach in the next 2 weeks) than high intenders. This finding (of only one significant difference) may suggest that normative and behavioural beliefs are more important motivators underpinning international visitors’ intentions to swim between the flags; and certainly the case for participants in the current sample. Another possibility is that the barriers being measured were not appropriate for this sample. For example, Ballantyne, Carr and Hughes, 2003 found that visitors from Southeast Asia and Pacific Islander nations dislike being in close proximity to scantily dressed swimmers, and therefore avoid swimming in crowded areas such as between the flags. They also found that international visitors do not believe that beaches can be dangerous as they have little or no experience or knowledge regarding ocean swimming. Finally, their findings show that international visitors choose to swim in unsafe areas as they seek activities that are adventurous or risky. Wilkes, DeNardi and Wodarski, 2007 further identified that tourists perceive that swimming adjacent to a patrolled area offers them the same protection as if they were swimming between the flags. These studies suggest that the control beliefs may need to be reassessed. The data represented in this paper was not originally collected for the purpose of assessing international tourist/visitor behaviour, but instead was part of larger data sample measuring swimming intentions/behaviours of residents and visitors on Queensland beaches. That is why in the initial elicitation study that informed the items used in this paper, a general
sample of individuals was taken. We believe future research would benefit from an in-depth elicitation of relevant beliefs specifically for international tourists. The initial study also aimed to measure both intention and actual behaviour and included a follow-up questionnaire to be completed 2 weeks after the initial survey. However, only 31% of participants completed this, with only 11% indicating that they had actually swum at the beach during the previous fortnight. The percentage of these that were international tourists and visitors was even smaller, compromising the validity of the sample. Therefore, we decided to focus on intentions for the purpose of this paper. Future research may replicate this study, including the follow-up questionnaire with a sample of international tourists/visitors only.

Overall, this study has enhanced our current understanding of international tourists’ surf safety behaviour. In particular, the findings support the importance of considering differences in the beliefs that motivate the behaviour of low and high intenders (to swim between the flags) to inform surf safety messages. Further research is needed to determine the beliefs and motivations that are specific to international tourists/visitors in order to devise future surf safety media campaigns specific to this high risk target group.

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What triggers problem recognition? An exploration on young Australian male problematic online gamers

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Abstract
Help-seeking is a complex decision-making process that first begins with problem recognition. However, little is understood about the conceptualisation of the help-seeking process and the triggers of problem recognition. This research proposes the use of the Critical Incident Technique (CIT) to examine and classify incidents that serve as key triggers of problem recognition among young Australian male problematic online gamers. The research provides a classification of five different types of triggers that will aid social marketers into developing effective early detection, prevention and treatment focused social marketing interventions.

Keywords: Social marketing, help-seeking, problematic online gaming

Track: Social Marketing

1. Background

There is a growing consensus that excessive amounts of time spent on online games are producing symptoms of problematic behavioural and negative mental health outcomes like depression, suicide ideation and also behavioural addiction (Grant, Potenza, Weinstein, & Gorelick, 2010). A possible explanation for this phenomenon has been attributed to online games being used as an escapism tool for online gamers for coping and modifying their moods (Griffiths, 2010). Young men with “moderate” to “very high” psychological distress have been found to spend significantly longer and more frequent periods online, particularly gaming with others as compared to young men with “low” psychological distress (Burns et al., 2013). Hence, this places young Australian males as the most vulnerable segment for developing problematic gaming behaviour that can present further negative outcomes for their mental well-being. Of particular concern is the reluctance of young men to seek help from professional mental health services as compared to young women (Addis & Mahalik, 2002).

To address this problem, both social marketing (Schuster & Drennan, 2011) and psychology literature (Reavley, Cvetkovski, Jorm, & Lubman, 2010) emphasises the need for research and interventions to encourage early help-seeking towards achieving mental well-being. However, progress in the help-seeking and problematic online gaming literature is hindered by a lack of conceptual clarity, defined scope and validated consistent measurements (Rickwood & Thomas, 2012). Furthermore, there are inconsistent and insufficient understandings as to the type of incidents and social influences that triggers problem recognition for those with problematic behaviours (Barber, 2002). This is important as it is widely acknowledged that problem recognition must first transpire before decisions to seek help for problematic online gaming can occur (Cornally & McCarthy, 2011). To understand this first step toward help-seeking, this paper aims to examine the triggers that promote problem recognition of problematic online gaming.

2. Conceptual foundation
2.1 Help-seeking

Help-seeking is a complex decision-making process that represents the intentional action to solve a problem that challenges one’s personal abilities. It begins with problem recognition and definition which leads to decision to act, that is predominantly influenced by social-cognitive factors (Cornally & McCarthy, 2011). It is an adaptive form of coping that is reliant on social relationships and interpersonal skills to seek help from informal sources like friends and family, and formal sources like professional services (Rickwood, Deane, Wilson, & Ciarrochi, 2005). However despite the array of existing help-seeking theories, little is understood within the help-seeking and social marketing literature about the triggers of problem recognition. The primary reason for this predicament is the poor uniform understanding among help-seeking theories which have a predominant descriptive focus rather than an explanatory focus in identifying and understanding the individual predictors of the help-seeking behaviour (Rickwood, et al., 2005). Furthermore, many psychotherapeutic research do not articulate the means by which individuals come to use the process of choosing to seek help (Timlin-Scaler, Ponterotto, Blumberg, & Jackson, 2003). This is a crucial research gap given that problem recognition is the first step to help-seeking. To understand this research gap better, the problem recognition literature was first examined.

2.2 Problem Recognition

Problem recognition and definition is the first step towards help-seeking whereby the individual identifies the problem for which help is sought (Cornally & McCarthy, 2011). It is based on the interaction between one’s desired state and actual state. The desired state refers to the way a person would like their needs met while the actual state refers to the degree to which a perceived need is actually being met. Therefore, problem recognition occurs where a significant difference develops between a person’s desired state and actual state regarding a particular want or need. Moreover, individual differences affects the way a person defines a problem (Herden & Lyles, 1981). For problematic online gamers to recognise their problematic behaviour, social marketers must first bring to their attention, the vast difference between their desired and actual needs that is subjective to individual differences. To better understand this phenomenon, the Stages of Changes is an appropriate segmenting model to provide further insight into how problem recognition operates within individuals.

2.3 Stages of Change

In the social marketing literature, the Stages of Change (Prochaska & DiClemente, 1982) is a valuable segmenting model successfully applied in numerous addiction contexts that categorises people with problematic behaviours into five stages. Similar to help-seeking, it posits that behavioural change is described to occur as a result of gradual intra-individual changes which are of a cognitive nature that begins with problem recognition. However, slightly different to the problem recognition process, it posits that problem recognition and behavioural change can come about swiftly often as a result of life events or external pressures (Stotts, DiClemente, Carbonari, & Mullen, 1996). It proposes that people contemplate changing their behaviour primarily when the magnitude of their problem becomes so intolerable that it forces them out of problem denial and into recognising their problematic behaviour and the need to handle the problematic behaviour (Prochaska & DiClemente, 1983). This is consistent with numerous addiction studies where the respondents often do not seek help until they experience a crisis such as major relationship or financial problems (Shek, Chan, & Wong, 2012). Hence based on this understanding, this suggests the
importance of incidents in triggering realisation within problematic online gamers of the vast
difference in their desired and actual state of needs. Thus this research seeks to answer the
following research question with an appropriate qualitative methodology:

**Research Question:** What are the incidents that trigger problem recognition in young
Australian male problematic online gamers aged 18-25 years old?

3. **Methodology**

This research proposes the critical incident technique (CIT) as a suitable qualitative
technique to identify types of incidents that trigger problem recognition in young Australian
male problematic online gamers. It is a relevant qualitative method that asks participants to
recall incidents that can be identified as positive or negative. However, similar to qualitative
techniques like interviews, CIT is reliant on its respondents to give accurate and truthful
reports which may be subjected to recall bias, consistency factors or memory lapses (Michel,
2001). However, the distinct advantage of CIT lies in its ability to provide respondents, the
opportunity to provide their own detailed account of their experiences and to determine which
incidents are the most relevant to them (Stauss & Weinlick, 1997). CIT also does not restrict
observations to a limited set of predetermined variables and allows for interaction among all
possible components in the phenomenon (Koelemeijer, 1995). Hence, this allows the CIT to
be capable of yielding rich and contextualised data that reflect critical incidents which allows
the researcher to identify similarities, differences and patterns to seek meaningful insights into
the behaviour (Flanagan, 1954).

In this study, semi-structured interviews were conducted where participants were asked to
recall: (1) examples of incidents that triggered them to realise they may have problematic
online gaming behaviour and (2) incidents that confirmed this realization. Content analysis
was used to classify incidents “into categories and groups according to similarities in reported
incidents” (Bitner, Booms, & Tetreault, 1990) where open coding and axial coding was
proceeded to identify and separate key incidents into key categories (Fielding & Lee, 1998).

4. **Sample**

The findings of this paper are based on the results of a pilot study that used convenience
sampling (n=5). Five young Australian men between the ages of 18-25 years old who self-
reported to have previously experienced problematic online gaming with Massively
Multiplayer Online Role-playing Games (MMORPGs) were used in this study in
consideration that the research is only interested in those who have already recognised their
problematic online gaming behaviour. Only by using this type of sample can the research
understand the critical incidents that led to problem recognition.

5. **Findings**

In this research, a total of 16 positive and negative incidents were discovered that revealed five
different types of incidents that triggered the respondents to realise their problematic
online gaming. These include time wasting, negative life event from gaming, family influence,
embarrassment and new life events.

5.1 **Time wasting**
Time wasting was the most commonly cited trigger towards problematic online gaming recognition among respondents. As mentioned by one respondent, “Usually when I start gaming, its light and when I finish sometimes its dark and it annoys me. And that’s when I don’t feel very good. It makes me feel like I’ve wasted the day.” This revealed that when respondents spent a significant amount of time online gaming and were aware of the amount of time spent. This realisation made them feel more negatively about their online gaming behaviour which ultimately contributed to their decision to stop or reduce their online gaming. This is because as reported by another respondent, “I just woke up one day and I decided that I am not making much sense doing this, staring into the monitor. So I decided to spend more time with my friends and family.” Hence based on these findings, it suggests that the concept of time being wasted online gaming, could be an importance element that triggers not only problem recognition but also a motivator for problematic online gamers to stop or reduce their negative behaviour.

5.2 Negative life events

Negative life events was another commonly cited trigger that pushed three respondents into thinking and realising their problematic online gaming. According to one respondent, an incident occurred while he was gaming online with his friends, when one of them stole an item in-game during a party quest. This transpired into real life aggression where the organiser of the party, along with some of the party members, went to confront the gamer after school and forced the person to return the in-game item back, “So one of the organiser, he was really unhappy about that and he bought the whole gang just to go and find that guy and take the items back….It was in real life.” Other similar negative life events reported, as a result of their problematic online gaming behaviour were neglected studies, dropping grades, family confrontation and physical pain. As one respondent mentioned, “I realised that when I sit down, and my back hurts, I might have been in the gaming position for quite long. And that serve as a mild wake up call.” These life events were reported by respondents to have brought their immediate attention to their online gaming behaviour which pushed them to reduce or stop their online gaming.

5.3 Family Influence

As mentioned by one respondent, “It’s more likely to be because of the confrontations by my family members. But I would normally shout back at them in response. They were confronting me because I was like spending too much time gaming.” He revealed that because of his family’s confrontation, this made him realise that he needed to control his problematic online gaming. However interestingly, though he mentioned that his family played an impact on his decision to reduce his online gaming, he mentioned that it was not the trigger that made him realise his problematic online gaming behaviour. “And the reason why they (Family) did that was because they probably just want to spend time with me. But the thing was that I would always just shut them out and just play games. This was probably the period from young all the way till post diploma, around 20. About a 10 year gap. I was more close to my friends online and friends that I meet outside than my family”. When asked if his friends made him realise about his problematic online gaming behaviour, he claimed that they did not play impact but rather it was because of his dropping grades. Hence this reveals that social influence from family and peers may not have a strong influence towards problem recognition but rather, plays a supporting role in pushing problematic online gamers towards reducing their problematic online behaviour. This supports previous findings where social influence
impacts an individual’s decision to reduce their problematic behaviour (Rothi & Leavey, 2006).

5.4 Embarrassment

Embarrassment is another problem recognition trigger that was cited by a respondent to be one of the incidents that made him reconsider his online gaming behaviour. According to his excerpt, “And I think some family and friends visited and I was just playing on my computer and I think I might have looked stupid as I was in my pyjamas.” The embarrassing incident of being caught in his pyjamas and playing online games by his visiting family and friends, made him view his online gaming behaviour negatively. Furthermore, he mentioned that he was embarrassed about his schoolmates finding out that he played a certain MMORPGs, “I didn’t want other people knowing that I play WOW…. So that was that element of shame about it in school” Hence this reveals that the element of embarrassment associated with online gaming, could be a key trigger in problem recognition that social marketers could reinforce among problematic online gamers.

5.5 New Life Event

Positive incidents like new life events (e.g. army and pursing an academic degree) was found have positive effects in helping problematic online gamers realise their problematic online gaming behaviour. As cited by one respondent mentioned, “I would not say I’ve reduced it, but I just balance it out. Just have a gradual reminder that there is a deadline for everything except for games. Well it’s not very hard when you’re studying a degree and you have assignment and exams deadlines. So you just like plan, this phase I won’t be touching games.” This indicates that when faced with new life events that are of importance to the individual, problematic online gamers will have to make a decision to choose whether to continue their focus on online gaming or to focus on the new life event. Further evidence can be seen where a respondent mentioned, “And maybe it was just moving on to another phase in life. Other things needed my attention more.” Such findings are supportive of Barber’s (2002) and Miller’s (1998) argument that people can change for positive reasons (significant new life events).

6. Theoretical and Practical Contributions

Hence based on these findings, this research though still in its infancy stage, has provided both significant insights for social marketers and made novel contributions to the help-seeking, social marketing and problem recognition literature. The research through its unique qualitative methodology, has uncovered five potential problem recognition triggers where little consideration has been given to the types of incidents that triggers problem recognition within the problematic behavioural context. These findings also make a practical contribution for social marketers in identifying potential triggers of problem recognition that will facilitate early detection, preventative and treatment-focused social marketing interventions. Overall, the findings offer transferable insights to the triggers of problem recognition for other problematic behaviours such as gambling, excessive alcohol consumption and substance abuse.

References


Managing a Stakeholder Network? Tweet it!

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Abstract
By analysing the Twitter accounts of three mental health organisations – Reachout.com, headspace, and the Young and Well Cooperative Research Centre (YAWCRC), this paper reveals their affiliation with different stakeholders. Traditionally, mental health literature has focused on primary stakeholders, for example clients, carers, service providers and researchers. This research shows that these not-for-profit organisations are connected to a wide spectrum of stakeholders – previously not discussed in the mental health literature. Almost 60% of tweets from YAWCRC demonstrate links to other not-for-profit organisations, research institutions, and government bodies. Over 25% of headspace tweets showed links to sporting or music entities; headspace also appeared well connected with the media. By tweeting about their relationships with well-known stakeholders, not-for-profit organisations can enhance their profile within the community and further their social goals.

Keywords: social media, networks, stakeholders, not-for-profit sector, mental health
Track: Social Marketing

1.0 Introduction

A stakeholder is ‘any group or individual who can affect or is affected by the achievement of the organization’s objectives’ (Freeman, 1984, p. 46). This paper aims to identify the stakeholders of mental health, not-for-profit organisations. It adds to current literature by identifying stakeholders that are seldom recognised in extant literature.

The mental health literature mostly deals with primary stakeholder-groups like clients, carers, mental health practitioners, administrators, and researchers (Hillman & Keim, 2001). Primary stakeholders are those without whose participation an organisation cannot survive (Clarkson, 1995). Focusing on the management of these stakeholder-groups works well in a business situation where the aim is to create shareholder wealth. However, it is critical for organisations that use social marketing, like those in the mental health sector, to view stakeholders more broadly than what has so far been done. This is because a wider purview may further their social goals. By establishing a balanced stakeholder orientation (Ferrell, 2004), mental health organisations can identify, manage and build relationships with a wide spectrum of non-traditional stakeholders.

This paper presents findings from an analysis of tweets from three mental health organisations – namely, Reachout.com, headspace, and the Young and Well Cooperative Research Centre (YAWCRC) – to identify their stakeholders. Unlike previous research, which has largely identified stakeholders via a management perspective, this study reflects Cowden and Sellnow’s (2002) approach by viewing an organisational Twitter account as a form of corporate communication. As such, an analysis of tweet content may reveal the kinds of audiences, networks, and other significant entities the organisations would like to communicate with and about.
Organisations can benefit from promoting their stakeholder relationships through different forms of corporate communication. First, in line with brand management literature (Keller, 2008), demonstrated affiliation with a high-status stakeholder – like those deemed as knowledgeable – can suggest the stakeholder supports and endorses the organisation, thus improving the organisation’s image. This ‘rub-off effect’ implies the valued characteristics of the stakeholder are thought to be transferred to the organisation. This works particularly well when the organisation is fairly new or consumers do not have the knowledge required to form an opinion about the organisation; it also works well when the organisation has strong, positive, unique and meaningful associations with a stakeholder (Keller, 2008). Moreover, consequent to affiliating itself with a high-status stakeholder, the organisation basks in the reflected glory of the stakeholder.

Second, demonstrated ties with known stakeholders can enhance the prominence of an organisation in a certain field. This prominence reflects a ‘majority vote’, which can be critical when users want to appraise and choose an organisation. Rao and colleagues (2000) refer to this as ‘social proof’ as it reassures a potential user that significant others have collectively recognised this organisation in their field. Reachout.com, headspace, and YAWCRC are fairly new in the sector, with Reachout.com being the oldest, operating since 1998. Despite their different and varied activities, the organisations collectively aim to promote the mental health of Australian youth and use participatory approaches to engage with Australian young people. This paper identifies the non-traditional stakeholder-groups they are connected with as they endeavour to promote youth wellbeing.

The paper is organised as follows. First, the authors discuss the importance of stakeholder affiliation with particular reference to three non-traditional stakeholder-groups for mental health organisations. Following this is a discussion on why organisational tweets were analysed. The subsequent section discusses the methodology and results. Finally, marketing implications for not-for-profit organisations are presented.

2.0 Non-Traditional Stakeholder-Groups of Mental Health Organisations

In addition to their oft-cited stakeholders, like consumers, family members, professional organisations, clinicians, advocacy groups, and the healthcare industry (Satcher, 2001), mental health organisations are connected with other stakeholders. These include not-for-profit organisations, government bodies, and research institutions; the media; as well as sporting and music entities. Although seldom acknowledged in the literature, these stakeholders can further the cause of mental health organisations. For this reason, each is discussed as follows.

2.1 Not-for-Profit Organisations, Government and Research Institutions

Literature acknowledges that major social issues (e.g., mental illness) are too complex to be left to a single agency (Huxham & Vangen, 1996). The management of a social issue is more effective when a web of community organisations collaborate effectively (Dryfoos, 1998). A not-for-profit organisation that addresses mental health issues is likely to need support from a range of stakeholders including other not-for-profit organisations, public servants, and researchers. In view of dwindling resources, social fragmentation, disengaged citizens, and sweeping political and economic changes (Gajda, 2004), not-for-profit organisations have reportedly sought to reduce competition amongst themselves (Osborne & Murray, 2000). By working together and viewing each as a strategic stakeholder, individual entities can achieve meaningful outcomes. Mental health organisations can also benefit from collaborating with
research institutions. Akin to the importance of the industry-university relationship, not-for-profit organisations gain from collaborating with researchers. At a time when the Australian government has earmarked $2.2 billion for mental health initiatives (Butler, 2012), it is imperative for mental health organisations to establish and promote links with government functionaries.

2.2 Media

Another stakeholder-group seldom acknowledged in the mental health literature is the media. The media has been criticised for portraying ‘misleading and inaccurate mass representations’ of mental health consumers (Cutcliffe & Hannigan, 2001, p. 318). It is alleged that most of the media-created images associate poor mental health with violence, dangerousness and criminality, despite empirical evidence of the converse. This is partly due to the ‘Them vs. Us’ attitude, which discourages collaboration between the media and mental health organisations. To promote mental health, it is critical for mental health organisations to engage and collaborate with the media, as the latter can communicate campaigns en masse.

2.3 Sporting and Music Entities

Emotional wellbeing among adolescents is positively associated with physical activity (Steptoe & Butler, 1996). Similarly, the positive role of music in mental health is long-recognised (Odell, 1988). Moreover, many marketers argue that sporting and music celebrities can be positive role models for adolescents. Due to a celebrity’s physical attractiveness and status, marketers often use sporting and music figures to endorse their products (Bush, Martin, & Bush, 2004). This can lead to word-of-mouth publicity and consumer loyalty. Given the oft-cited successful relationships businesses share with sporting and music entities (Meenaghan & Shipley, 1999), mental health organisations could benefit from similar partnerships, akin to other not-for-profit organisations (The Australian, 2013).

3.0 Research Justification

To determine the extent to which Reachout.com, headspace, and YAWCRC connect with the aforesaid non-traditional stakeholder groups, their tweets was analysed. Twitter was selected because it is one of the fastest growing social media platforms and is frequently used by Fortune 500 companies to communicate with their audiences (Park & Lee, 2013).

The three not-for-profit organisations were selected because of their shared focus on youth wellbeing, which represents a national priority (Hickie et al., 2014; McGorry, 2011, 2014). Twenty-six percent of Australians aged 16 to 24 years, experience a mental disorder. Furthermore, suicide recently surpassed vehicle accidents as the leading cause of death for young Australians (ABS, 2012). Even if young people survive their youth, those who continue to live with mental illness are likely to die 12 to 15.9 years earlier than others (Lawrence, Hancock, & Kisely, 2013). Timely access to appropriate mental health information can help to address these issues. This may partly explain why some mental health organisations – like Reachout.com, headspace, and YAWCRC – have embraced social media – this includes Twitter.

4.0 Methods and Materials
The Twitter accounts of ReachOut.com, headspace, and YAWCRC were analysed. ReachOut.com was established in 1998 as the ‘world’s 1st online mental health service’ (Inspire Foundation, 2014, p. 4) to improve the mental health of young Australians. Established in 2006, headspace is funded by the Commonwealth Government of Australia. Although it has a growing online presence, headspace has more than 60 centres around Australia where young people can access support for general health, mental health, education, employment, legal advice, and accommodation. YAWCRC was funded in 2010 with a $27.5 million investment via the Australian Government and Cooperative Research Centres Program. YAWCRC conducts research, develops evidence-based tools, applications and resources, and translates research into policy and practice. Guided by previous research (Burton, Dadich, & Soboleva, 2013), 200 tweets issued by each organisation between July 2013 and December 2013 (inclusive) were randomly extracted for analysis. Twitonomy, an internet-based analytics program, was used to collate account information and extract archival tweets. Given the focus of this paper on non-traditional stakeholder groups, an examination of traditional stakeholders (i.e., volunteers, consumers) is beyond the scope of this study. As followers of the three accounts may not choose to access embedded web-links, these were not accessed to determine a relationship with an external stakeholder. The authors coded the 600 tweets simultaneously. There was over 95% agreement; cases of inconsistent coding were discussed and resolved, resulting in 100% agreement.

5.0 Results

Table 1 shows the total number of tweets analysed, number of followers, and the total number of tweets posted by each organisation. An analysis of tweet content suggests a concerted effort by the mental health organisations to associate with non-traditional stakeholders. At the forefront was YAWCRC, with almost 60% of its tweets referencing other not-for-profit organisations, government bodies, and research institutions: ‘Our partner @Bfoundation runs #parent #workshops to increase awareness of influences on #bodyimage & more’. YAWCRC also had the largest percentage of tweets that referenced research institutions: ‘Call-out: Has an #LGBTI person close to you died by suicide? @Griffith_Uni would like your involvement in their study’. Over 30% of headspace tweets noted research institutions, with the highest percentage of tweets citing government mentions: ‘Thank YOU! WE love a good collage MT@Mark_Butler_MP Thanks to everyone who worked w me as Minister for #MentalHealth’. Close to one-fifth of ReachOut.com tweets noted other not-for-profit organisations, government bodies, or research institutions (19%). Media connections were most noted by headspace (almost 14.5%): ‘An open, important and honest discussion around #selfharm on #insightSBS’.

Table 6: Identification of Selected Stakeholders through Qualitative Content Coding

<table>
<thead>
<tr>
<th></th>
<th>ReachOut.com</th>
<th>headspace</th>
<th>YAWCRC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analysed Tweets</td>
<td>200</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Joined Twitter</td>
<td>June 2009</td>
<td>March 2008</td>
<td>December 2010</td>
</tr>
<tr>
<td>Total Tweets Sent</td>
<td>7,255</td>
<td>8,985</td>
<td>8,811</td>
</tr>
<tr>
<td>Followers</td>
<td>9,177</td>
<td>22,001</td>
<td>5,852</td>
</tr>
<tr>
<td>External Stakeholders (exc. clients)</td>
<td>n</td>
<td>%</td>
<td>n</td>
</tr>
<tr>
<td>Other Not-for-Profits</td>
<td>34</td>
<td>17</td>
<td>48</td>
</tr>
<tr>
<td>Government</td>
<td>1</td>
<td>0.5</td>
<td>9</td>
</tr>
<tr>
<td>Research Entities</td>
<td>3</td>
<td>1.5</td>
<td>7</td>
</tr>
<tr>
<td>Media</td>
<td>8</td>
<td>4</td>
<td>29</td>
</tr>
</tbody>
</table>
headspace spoke of a range of media-types through its tweets, including print media, Indigenous media, and health communicators: ‘Business Review Weekly @BRW looking at youth unemployment: “The problem with young people is: how we see them”’; ‘Listen to @ChrisTantiCEO’s @caama radio interview about visiting Alice Springs to consult with young people’; ‘RT @_HealthyComms: Mental Health and You- what mental health means to young people, from @headspace_aus #MentalHealth’. Of the three organisations, headspace issued the largest proportion of tweets that referenced sporting or music entities (26%). For instance, it spoke of support received from fundraising musicians; it promoted music and sporting events; and it raised the profile of sporting celebrities who spoke openly about mental health: ‘Our new headspace Penrith centre was just launched with help of the awesome @Rock_N_Ride crew and their bikes #vroom’; ‘Donate your voice and raise the volume on mental health issues this Oct 10. Sign up to @zipitoz to support headspace’; ‘Good luck to everyone running the @melb_marathon for headspace this Sunday!’; ‘Spare 30 secs? Watch Thurston, Gallen, Inglis, Meninga talk #mentalhealth in NRL’s #stateofmind video’. YAWCRC issued no tweets relating to a sporting entity, while only 3% of Reachout.com tweets mentioned this stakeholder-group. The two organisations also had minimal tweets related to a music entity.

6.0 Discussion

This study examined the extent to which three Australian mental health organisations connect with non-traditional stakeholder groups – namely, other not-for-profit organisations, government and research institutions; the media; as well as sporting and music entities. This was achieved via an analysis of 600 randomly selected tweets over a six-month period. These organisations primarily referred to other not-for-profit organisations, demonstrating opportunity to share information, resources, and ideas within a resource-poor sector. They also referenced different forms of media to further their cause. Given the relative dearth of research on the relationship between mental health organisations and the media, this represents a notable finding. The organisations demonstrated relatively few connections with sporting and music entities. Despite the value of the findings from this study, four limitations warrant mention. First, given the dynamic nature of social media platforms, like Twitter, the cross-sectional design of this research suggests the findings have a time life-span. Second, despite the analysis of a random selection of tweets, those analysed may not be representative of those issued by the three organisations, or those issued by other not-for-profit organisations. Third, the strength of the identified connections could not be verified. Finally, the organisations may use other communication tools to demonstrate their affiliation with non-traditional stakeholders.

7.0 Conclusion, Future Research and Marketing Implications

Notwithstanding these limitations, this study contributes to the limited research on non-traditional stakeholders of mental health organisations. Findings suggest all three organisations display associations with a range of non-traditional stakeholders, in a bid to better connect with their clientele. Future research should determine the extent to which the organisations benefit from these links. While the literature identifies the benefits of linking a brand to different entities, there is a dearth of such research in social marketing. Creating
brand equity by leveraging secondary brand associations (Keller, 2008) requires further investigation by social marketing researchers. Marketing implications include ideas for not-for-profit organisations and health practitioners who are trying to use social media to connect with a variety of vulnerable groups.

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Exploring New Frontiers in Quality of Life Research in Marketing

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Abstract
This paper reviews major theories of Quality of Life (QoL) from a marketing perspective. The discussion leads to the identification of a knowledge gap in understanding the dynamics of QoL and its connection to the evolution of consumption patterns. We propose new research topics in this area for future exploration to advance our knowledge of QoL in marketing.

Keywords: Quality of Life, dynamics, consumption, marketing
Track: Social Marketing

1.0 Introduction

Quality of life is no new topic for research across different disciplines, including marketing, sociology, psychology and medical science, among others. An extensive and rich literature exists that reports important research findings in theory development and methodological advancement. Quality of life (QoL) was firstly proposed by Arthur Cecil Pigou (1924) to explain the subjective evaluation of societal well-being by the British economist. In 1958, American economist John Kenneth Galbraith officially used the term “quality of life” in his book *The Affluent Society* (1958). In his definition, quality of life was measured as how people enjoy their comfortable lives and daily convenience physically and mentally. The operationalization of quality of life was oriented towards economic principles since then. The measurement index of quality of life among developed countries attracted more scholarship at that time. In the past decades, various conceptualization and definition of quality of life was adopted, including both subjective and objective perspectives, as well as reflective and formative measurements (Sirgy 2001).

Understanding quality of life from a marketing perspective focuses on the enhancement of quality of life for people as consumers, whose well-being is influenced by marketing efforts within certain marketing environments. Consumer well-being (CWB), thus, has become an extension of QoL in marketing and attracted the interest from scholars leading to a growing literature in this area (e.g., Sirgy et al. 1998, Hagerty et al. 2001). One group of studies has paid attention to the types of consumer experience in the marketplace from the aspect of consumer life cycle. For example, Sirgy (2002) defines CWB as “a state in which consumers’ experiences with goods and services – experiences related to acquisition, preparation, consumption, ownership, maintenance, and disposal of specific categories of goods and services in the context of their local environment – are judged to be beneficial to both consumers and society at large.” This definition treats consumer well-being as subjective perception of quality of life affected by various factors. For example, materialism has been empirically confirmed to impede consumers’ subjective well-being in a long term (Richins and Dawson 1992, Burroughs and Rindfleisch 2002). Consumption should be humane instead of approaching only economic gains without considering social environmental problems (Ger 1997). The other group of marketing scholars have discussed CWB from the perspective of the role of marketing in enhancing consumers’ quality of life (Sirgy et al. 2007). Consumers in a country who experience positive sentiments toward marketing are likely to experience...
higher levels of subjective well-being. Therefore, a good marketing system contributes to consumers’ life satisfaction (Peterson and Ekici 2007). However, a national study reported by Pan, Zinkhan and Sheng (2007) has found a statistically weak relationship between marketing activities and consumers’ subjective perception of well-being. A special issue of Journal of Macromarketing in 2007 contributed to a thorough discussion on the relationship between marketing institutions and CWB.

In the past decade, the focus of research on quality of life switched from consumers’ subjective perception toward the evaluation of their lives (Pancer and Handelman 2012). More literature emerged that reported quantitative research on consumers’ QoL (e.g., Peterson and Malhotra 2000, Rahtz et al. 2004). In these studies, there is an agreement that QoL is a multi-dimensional construct, e.g. healthy, societal, economic, leisure, psychological, and spiritual dimensions. However, there is a lack of consistency in the dimensions identified of QoL, therefore, it is still yet to know how many dimensions are or should be included in QoL. Sirgy (2001) has developed an inventory of various conceptualizations and measures of quality of life and classified them under certain schemes. Implicit is the assumption that the people’s lives are stable and comparable, which could be measured in the same way. Recently marketing scholars have progressed forward at the group level using the perspective of consumer segmentation (Ganglmair-Wooliscroft and Lawson 2011, La Barbera and Gürhan 1997). It is argued that different consumers will evaluate their standard of living using different criteria. The overall levels of consumers’ quality of life are influenced by available resources that impact consumers’ values and lifestyles. Therefore, the quality of life is a context-dependent construct.

The fact that the majority of the extant literature has used cross-sectional surveys to measure and examine quality of life indicates that quality of life is a static and fixed variable. This, in turn, leads to a noticeable knowledge gap that the contingent nature of quality of life has been long ignored, with a lack of examination on its interaction between the environment of consumers, as well as the internal evolving process experienced by consumers. As a result, the power of quality of life has been noticed as decreasing in terms of differentiating the demographic segments and explaining the observed distinction/similarities among consumers. Our knowledge of quality of life is very likely to be a snapshot without the in-depth probing of the evolving process of quality of life and the drivers behind it.

In light of the observation of this important knowledge gap in the current research on QoL, we would like to initiate a discussion in this paper on identifying and exploring new frontiers in this area. In the next section, we propose new research topics in QoL from a marketing perspective.

2.0 Exploring new frontiers in QoL research in Marketing

2.1 Understanding the dynamic nature of QoL

A range of concepts developed by Complex Adaptive System (CAS) research may be helpful and important for the understanding of the dynamics of QoL. These concepts include adaptivity, emergence as well as path-dependence (e.g., Sawyer 2005, Edmonds and Meyer 2013). Two crucial characteristics of complex systems are interdependency and interactions between entities in a system. Actors can adapt their behaviours to their environment, which produces feedback effect on the environment, leading to new contexts of interactions. Emergent phenomena are brought about through ongoing interactions. CAS evolves over time.
Its current and future development is largely determined by the states, events and decisions made in the past, i.e., the system is characterized as path-dependent (Held et al. 2014).

Consumers shape perception and make evaluation of their QoL as a result of their interaction with the environment. The way consumers interact with the environment is influenced by their self-perception, which evolves over time, influencing and being influenced by the external environment. This indicates that QoL is a dynamic concept whose meaning to consumers is contingent on its spatiotemporal location in consumers’ life cycles. As pointed out by Hedstrom (2009), every social fact is situated in a surrounding of contextual facts, i.e., time and space contingency.

To understand the dynamics of QoL requires process thinking, i.e., to consider the phenomenon dynamically in terms of change and changing, movement and temporal evolution (Buttriss and Wilkinson 2014). It also involves what Pettigrew refers to as “catching reality in flight” (1992: 11). Processes can be physical, social and/or psychological through which consumers’ characteristics, capacities, and propensities would change, leading to their adapted perception and evaluation of QoL. Furthermore, consumers would consider various factors or put different weights to those factors at different stages in the evolving process. It is worthwhile to explore the untapped area of the dynamic core of QoL to understand how and why changes take place in consumers’ perception and evaluation of QoL over time. The knowledge of mechanisms behind changes in QoL will render new power to understand and explain changes in consumption patterns.

2.2 Understanding the dynamics of QoL of migrant workers in emerging markets

The existing studies on CWB and QoL are mostly conducted in developed markets and have focused on those people of “having too much”. However, in emerging markets, most consumers, such as migrant workers in China, actually are “having too little”. The knowledge gap discussed above could be more remarkable among the population of internal migrants in emerging markets such as China, who are experiencing revolutionary and evolutionary changes in their life as well as in themselves, when they struggle to survive and thrive in a completely different environment in urban cities. The way they perceive, measure and interpret their own quality of life could vary at different stages when they merge into the urban life or not. In this process, the interaction between internal migrants’ original culture and the local culture as well as between their self-evolution and the changing external environment could play a critical role in driving changes in the perception and interpretation of quality of life. Existing measures may have varying weights at different points of time along this process to construct internal migrants’ quality of life. New measures may emerge when the internal migrants are getting used to the new environment and strive for higher aims. More importantly, this could be the stage when internal migrants develop more sophisticated perception of quality of life and begin to formally shape their thoughts on happiness, or unhappiness.

The fluidity in life of internal migrant workers affects their consumption patterns and consuming behaviors. However, being consumers themselves, internal migrant workers have been long ignored in marketing research. Not much is known about their consumption patterns, including product/brand choice and engagement. In particular, the evolving nature of migrant workers’ consumption, together with the mechanisms that drive changes in their consumption behaviors, have been largely under-explored, hence, leaving an important knowledge gap in consumer research.
3.0 Conclusion

The proliferate literature on QoL in marketing has generated important knowledge and enhanced our understanding of this area. However, the majority of research is a-contextual and a-processual, treating QoL as a fixed static variable. As a result, the dynamic nature of QoL has been long ignored. We argue for adopting an integrative perspective that combines the conventional measurements of quality of life and theories of complexity to grasp a wholistic picture of changes in the quality of life, especially that of internal migrants in emerging markets. This will contribute to advance our understanding of internal migrant workers as consumers, in particular, their evolving patterns of consumption. The new integrative perspective calls for matching process approaches in methodology. Innovative and novel methodologies are needed to enable researchers to better investigate the evolving way of living. Longitudinal studies and event-based narrative analysis, which are rarely used for research of QoL, can be two weapons of great potential to open up new frontiers of knowledge.

References


A Conceptual Framework to Promote Condom Usage amongst Male Sex Workers in Thailand

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Abstract
Social Marketing campaigns have been useful to effectively address many problem behaviours like smoking, binge drinking, unprotected sex and healthy dietary practices. The main purpose of this research study is to propose a conceptual model so as to promote safe sex practices amongst male sex workers in Thailand. Based on the theoretical underpinnings of the Theory of planned behaviour (TPB) and the Stages of change theory, a new conceptual model is developed to inculcate condom usage amongst male sex workers in Thailand. A methodology is suggested to implement this conceptual model. Additionally, based on these theoretical underpinnings, implications to theory and practice have been discussed.

Keywords: Stages of change theory, Theory of planned behaviour, Thailand, Safe sex practices
Track: Social Marketing

INTRODUCTION
Social Marketing campaigns have been successful in addressing many problematic behaviours like smoking and unprotected sex (Hastings, 2007). Scholars in Social Marketing discipline argue that Social Marketing interventions and techniques need applications in wider contexts to change various behaviours (Donovan & Henley, 2003; Hastings, 2007). Hence based on social marketing techniques and theories, a conceptual model is proposed to promote a condom usage and safe sex practices amongst male sex workers in the popular tourist destinations of Thailand. Thailand is a newly industrialised country with a large tourism industry and popular tourist destinations such as Pattaya, Bangkok, Phuket and Chiang Mai. Tourism plays a significant part in Thai economy, constituting approximately 6.7% of Thailand's GDP in 2007 (Bangkok Post, 2012). The number of international tourists has increased from around 330,000 in 1967 (Ouyyanont, 2001) to over 22 million in 2012 (Bangkok Post, 2012). Thailand is also well known for sex tourism and hence it plays a major part of Thai tourism industry. As a result, HIV/AIDS has become the biggest health risk in Thailand especially amongst sex workers (ABC, 2013), where in 2011, 17.7% of male sex workers were reported to have been infected by HIV (UNGASS, 2012). It seems to be the highest HIV rate amongst male sex workers in the South East Asian region.

Development of a Conceptual Framework

The Theory of planned behaviour (TPB) developed by Ajzen and Fishbein (1980), Fishbein and Ajzen (1975) and Ajzen (1991) posits that individuals’ intention at a given point of time and a context would be a predictor of their behaviour. They considered attitudes towards behaviour, subjective norms and perceived behavioural control (PBC) as antecedents of behavioural intentions. Although this theory is useful to understand individuals’ intentions of overcoming problem behaviours like unprotected sex, this theory lacks clarity in designing intervention programs targeting at behavioural change. This is owing to the fact that this theory does not arrest the process of behavioural change such that how to drive behavioural change. Montano and Kasprzyk (2008) argue that the theory of planned behaviour needs to be
combined with another theory that considers the influence of knowledge on behavioural
development. In this respect, scholars in Social Marketing field tend to apply the Stages of
change theory to develop intervention programs. This theory was developed by Prochaska
and DiClemente (1983) who argue that behaviour change is a process involving five stages,
namely pre-contemplation, contemplation, preparation, action and maintenance. This theory
seems to be useful to segment customers into stages, in this case male sex workers, and hence
different intervention programs can be designed for those in each stage. From the
underpinnings of both these theories, a framework is developed to effectively promote
condom usage amongst male sex workers in Thailand.

A behaviour change needs to start from knowledge about the behaviour (Andreasen,
2006; Olson & Zanna, 1993). Hence those unaware about condom usage and its benefits
would unlikely to be interested in adopting safe sex behaviours, thus they would be in pre-
contemplation stage. Those becoming aware of availability, usage and benefits of condoms
tend to form either positive attitudes or to adjust negative attitudes towards condom usage.
Also, becoming aware and forming positive attitudes can contribute to a confidence of their
abilities to adopt condom usage. Thus, clients experiencing changes like knowledge, attitudes
and self-efficacy would likely to be in contemplation stage (Andreasen, 2002, 2006). Those
who have already formed intentions, decisions and plans with regard to condom usage, such
as when, where and with whom to use condoms, would likely to be in preparation stage
(Chapman-Novakofski & Karduck, 2005; Hall & Rossi, 2008; Spencer, Adams, Malone, Roy,
& Yost, 2006). In this respect, people converting their intentions into practice and those who
have adopted condom usage within last 6 months may seem to be in action stage (Prochaska,
Redding, & Evers, 2008). For example, those started using condoms recently would be at this
stage, hence they need an assistance to overcome possible barriers associated with practicing
this behaviour until the behaviour becomes their permanent practice. Clients using condoms
continually for more than 6 months would be confident of overcoming barriers in practicing
targeted behaviour, hence they may continue the behaviour. Thus, they would be in
maintenance stage (Marshall & Biddle, 2001). Based on this discussion, a framework has
been developed to effectively promote condom usage behaviour amongst the male sex
workers (Figure 1 in Appendix). This model depicts stages and possible outcomes to be
achieved at different stages of adopting condom usage.

Proposed methodology to implement this intervention

We intend to conduct this intervention amongst young male sex workers in Pattaya
city, Thailand. One month prior to the program, information about this will be communicated
via mass media and social media. Participants will be selected voluntarily. Measurement
scales have not yet been developed in extant literature to cluster sex workers into these five
stages. Hence semi-structured interviews would be conducted with each participant so as to
decide which stage they would reside in. Based on their responses, they would be divided into
the different stages. Next, appropriate interventions would be provided to them to make them
move to the next stage of behavioural change. This means that if they are in pre-
contemplation stage, they would be given awareness of condom usage and safe sex. For those
in contemplation stage, confidence building measures and incentives would be given, hence
they may develop plans and intentions to adopt condom usage. For those with the intentions,
free condoms would be issued in order to convert their intentions into action. A continuous
assistance and monitoring would be given to those at action stage so as to assist them
continuing it. In one month’s time, the same participants would be invited for next phase of
program, where the same methodology would be implemented and it would be assessed
whether the participants have move to next stage of condom usage adaptation. Thus, it would be implemented for next six months.

Implications to theory and directions for future research

This research being first of its kind proposes a unique conceptual model by combining underpinnings of the theory of planned behaviour and the stages of change theory so as to promote condom usage to male sex workers. Hence this study extends applications of Social Marketing theories and interventions to vulnerable men in Thailand. Hence this conceptual model can be applied globally to promote condom usage amongst male sex workers. In addition to changes suggested in each stage of behavioural change, there might be some other changes that can possibly take place at each stage. Hence future researchers can incorporate these changes into this model. Also, future researchers can develop measures and a survey instrument to identify participants’ current stage of condom usage adaption. Such study can save time and costs involved in implementing this intervention. Additionally, the conceptual model proposed in this study can be applied to change other behaviours like smoking, binge driving and unhealthy dietary.

Implications to practice

Besides contributions to Social Marketing theories, this study would inform how policy makers and non-governmental organisations can promote condom usage and safe sex practices in leading tourist destinations of Thailand, where sex tourism is popular. Also, this model proposes a mechanism to segment male sex workers based on their condom usage practices, hence this model would be of use to social marketers operating in contexts similar to those of this study.

References


Appendix

Figure 1-Proposed Framework

Pre-Contemplation
- Be unaware of condom usage & safe-sex
- Be irresponsible to themselves & others

Contemplation
- Understand a need of having safe-sex & condom usage

Intention stage
- Purchase condoms
- Plan when, where and with whom to use condom

Preparation
- Newly practicing condom usage
- Facing barriers in practicing it
- Need assistance

Action
- Practicing it more than 6 months
- Reinforce it (education campaigns)

Maintenance
- Self-efficacy towards safe-sex

Attitudes towards safe-sex
- Be unaware of condom usage & safe-sex
- Be irresponsible to themselves & others
Reaching the target group:
Social marketing messages and related health behaviours

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Abstract
Existing behaviours can influence the processing of social marketing messages. Whether health behaviours influence the cognitive impact of sponsored social marketing messages at events is unknown, leaving uncertainty as to who to target, and how to tailor messages. This study compared event attendees’ health behaviours and the cognitive impact of sponsored messages. Across two 12-month periods, cross-sectional surveys were administered to 1648 spectators (aged 15+). The results show that while health behaviours of people attending events were related to awareness of messages; the relationship was confounded by gender and age. Insufficiently active participants were less aware of physical activity messages, whereas, low fruit and vegetable consumption and sunburn were positively related to awareness of relevant sponsored messages. This suggests that social marketing which utilises demographic segmentation is likely to be effective when delivering social marketing messages via sponsorship communications, however, further tailoring of messages is required to target at-risk groups.

Keywords: health behaviours, social marketing messages, sponsored events
Track: Social Marketing

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1.0 Introduction

Social marketing campaigns are usually targeted towards well-defined segments of the population (Dewhirst & Lee, 2011). Dividing populations into subsets based upon factors such as demographics or behaviours enables programs to tailor their messages to key target groups (Lotenberg, Schechter, & Strand, 2011). Holman and colleagues (1997) successfully replaced tobacco promotions with social marketing messages at recreational events where smokers and other individuals with unhealthy behaviours such as unsafe drinking and low levels of physical activity were likely to attend (Holman et al., 1997).

Sponsorship of events is considered to be a valuable avenue for social marketing campaigns as messages are disseminated to a captive audience (B. Corti, Holman, Donovan, Frizzell, & Carroll, 1997) in an environment that has complimentary structural policies such as smoke-free environments, safe alcohol service and healthy food options (Donovan, Jalleh, Clarkson, & Giles-Corti, 1999). The recent introduction of co-sponsorship policies among sponsorships promoting social marketing messages also acts to reduce the potential impact of sponsorship and advertising by alcohol, fast food and gambling companies within these contexts. Such policies require sponsored groups to ensure co-sponsors messages do not undermine the sponsored social marketing messages (Clarkson, 2010).
Within Western Australia, Healthway (The Western Australian Health Promotion Foundation) provides sponsorship to sport and community events in return for opportunities to promote health messages. Each sponsored group is assigned a health message that is often linked to a broader community wide social marketing campaign, with messages typically encouraging community members to achieve and sustain health behaviours in line with recommendations from national health guidelines. The selection of health messages is a purposeful matching between the type of event and the people likely to attend. One aspect of the health message selection process is consideration of the health behaviour profile of people likely to attend the event, with higher rates of smoking, sunburn and alcohol consumption found among people attending sport events (Rosenberg, Ferguson, & Pettigrew, 2012). The selection of appropriate health messages to match sponsored events is considered an important component of sponsorship success.

Support for the efficacy of health message sponsorship has been established using a hierarchy of effects model, whereby exposure to the health message at a sponsored event, has been shown to result in increases in awareness, comprehension, acceptance, and behavioural intention among attendees. (B. Corti et al., 1997; Billie Corti, Donovan, J. Holman, Coten, & Jones, 1997; Donovan et al., 1999; Jalleh, Donovan, Giles-Corti, & Holman, 2002). Systematic evaluations of event sponsorship for social marketing campaigns have shown that approximately 70% of people attending a sponsored event are aware of the social marketing message (Ferguson, Rosenberg, & Pettigrew, 2013). Evidence shows that different types of sponsored events and health messages impact upon whether people ultimately form a desirable behavioural intention (Ferguson et al., 2013). Outside of the sponsored event context, existing health behaviours have been shown to be associated with the processing of health messages. A 2013 study on the effectiveness of a physical activity mass marketing campaign among Western Australian adults found that sufficiently active adults were more likely to be aware of the physical activity message, report higher outcome expectations, high self-efficacy, higher social support, and high decisional balance compared with insufficiently active adults (Leavy et al., 2013). However, there is little recent information available on whether various health behaviours are related to the cognitive impact of sponsored health messages among people attending sport and community events. Given the recently evidenced relationship between social marketing messages and behaviours observed outside of a sponsorship context, the aim of this study was to compare the relationship between peoples’ health behaviour profile and the cognitive impact of social marketing messages at events.

2.0 Methods

Surveys were conducted over two 12 month periods (43%, April 2008-March 2009 and 57%, April 2012-March 2013) from a sample of 24 randomly selected ‘eligible’ sport or arts sponsorship projects. A cross-sectional intercept survey was utilised among attendees aged over 15 years at sponsored sport or arts events to assess the cognitive impact measures (awareness, comprehension, acceptance intention), demographic information and respondents’ engagement in various health behaviours over the past 12 months (i.e. smoking, alcohol intake, fruit/vegetable consumption, exercise, and sun protection). Full details of the survey instrumentation are described elsewhere (Ferguson et al., 2013). Potential respondents were only approached to complete surveys at a time where they were not directly engaged in viewing the event. Similar proportions of surveys were collected across the five different health areas (smoking 24%, nutrition 21%, exercise 18%, sun protection 19% and alcohol 18%).
Data were analysed using SPSS for Windows Version 21 and STATA Version 13. Cognitive impact variables were calculated as a proportion of each preceding level in the hierarchy (i.e., comprehension was calculated only among those who were deemed aware of the message; acceptance was then calculated among those who were both aware of the message and had comprehended the message, etc.). Relevant behavioural intentions included those that related to the health message either as a personal adoption, continuation of behaviour or encouraging others. Individual cross-tabulations were conducted to investigate the cognitive impact variables by age (<40 years versus >40 years), gender (male versus female) and health behaviour status (as recommended versus not as recommended) relating to the aforementioned health behaviours.

To explore the relationship between each level of cognitive impact and health behaviours for any sponsored health message, a series of logistic regression models were generated. Each of these models was adjusted for age, gender, event and survey type. Post hoc analysis was conducted to determine significant relationships between all health behaviour types. Results are presented as adjusted OR (95% CI) for all permutations of message comparison. A second series of logistic regression models were generated to explore the relationship within the cognitive impact hierarchy, for associations between health behaviours specifically related to the promoted message after adjustment for the event type, gender and age. To account for recruitment of participants at sport and arts events, all logistic regressions models included a clustering adjustment at the level of event attended. In addition, all logistic regression models were bootstrapped (500 repetitions) to increase the robustness of each model.

3.0 Results

A total of 1648 attendees completed surveys at 24 events between 2008 and 2013. More than half were female (52.7%, n=865), with an almost even split between people over (50.8%, n=837) and under 40 years of age (49.2%, n=811). As seen in Table 1, the health behaviour characteristics of respondents showed the majority did not consume the recommended levels of fruit and vegetables, and had been sunburnt at least once in the previous 12 months. Just over half of participants achieved the recommended levels of physical activity, over two-thirds consumed alcohol at safe levels and the majority reported being non-smokers.

<table>
<thead>
<tr>
<th>Sample prevalence</th>
<th>Smokin g %</th>
<th>Physical Activity %</th>
<th>Fruit and Vegetables %</th>
<th>Alcohol %</th>
<th>Sunburnt %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Behaviour as recommended</td>
<td>88.2</td>
<td>54.7</td>
<td>21.5</td>
<td>70.1</td>
<td>29.7</td>
</tr>
<tr>
<td>Behaviour not as recommended</td>
<td>11.8</td>
<td>45.3</td>
<td>78.5</td>
<td>29.9</td>
<td>70.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender</th>
<th>Smokin g %</th>
<th>Physical Activity %</th>
<th>Fruit and Vegetables %</th>
<th>Alcohol %</th>
<th>Sunburnt %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male (behaviour as recommended)</td>
<td>84.8</td>
<td>61.8</td>
<td>19.4</td>
<td>70.9</td>
<td>28.9</td>
</tr>
<tr>
<td>Female (behaviour as recommended)</td>
<td>91.2</td>
<td>48.2</td>
<td>23.4</td>
<td>69.5</td>
<td>30.5</td>
</tr>
</tbody>
</table>

Table 1: Behaviour characteristics of participants attending sponsored events
Health behaviour characteristics of participants were inequitably split between gender and age. In terms of gender, significantly more males reported smoking, whereas significantly more females failed to achieve sufficient physical activity. Risky alcohol consumption, insufficient fruit and vegetable consumption and sunburn were unrelated to gender in this sample. Age was observed to be significantly associated with all measured health behaviours, with a greater proportion of respondents under 40 years of age reporting they smoked, consumed alcohol at risky levels and achieved sufficient levels of physical activity compared with respondents over 40 years of age. Conversely, significantly greater proportions of respondents over 40 years of age consumed recommended levels of fruit and vegetables, were non-smokers, non-risky drinkers and were not sunburnt in the last 12 months.

### 3.1 Health behaviour and cognitive impact of any promoted health message

The relationship between participants’ health behaviours and the cognitive impact of the sponsored health message was compared (Table 2). Overall, 68.9% of respondents were aware of the sponsored health message promoted at the event, with females 1.4 times (95% CI =1.1-1.7) more likely to recall a sponsorship message than males. When participants’ health behaviours were compared with their awareness of the sponsored health message, those who did not achieve recommended levels of physical activity were significantly less likely to be aware of the health message. Conversely, participants who were sunburnt in the last 12 months were more likely to recall the health message than those who had not been sunburnt.

Among respondents who were aware of a promoted health message, four-fifths (78.9%) were able to correctly comprehend the sponsored health message. Comprehension was not influenced by age or gender, but people who did not meet recommended levels of physical activity participation were less than half (OR = 0.6; 95% CI 0.5-0.9) as likely to comprehend the sponsored health message, with unsafe drinkers 0.7 times (95% CI 1.5-0.8) less likely to comprehend the health message.

A very high proportion (92.2%) of respondents who comprehended the health message also agreed with the message. Across all health messages, females were almost twice (OR = 1.8; 95% CI = 1.2-2.6) as likely as males to accept the health message. Smokers were one fifth less likely (OR=0.2; 95% CI 0.1-0.4) to accept the promoted health message compared with non-smokers. There were no other significant associations between health behaviours and acceptance of the health message recalled.

Less than half (41.2%) of people who accepted the health message formed a behavioural intention around the promoted health message. Behavioural intention was unrelated to gender, however, there was a strong relationship to age. People over 40 years of age were 1.5 times (OR =1.4; 95% CI 1.1-2.0) more likely to form a behavioural intention as a result of exposure to a health message than people under 40 years of age. Participants’ health behaviours were largely unrelated to their behavioural intentions; the exceptions were people who consumed less than the recommended levels of fruit and vegetables and those who were unsafe drinkers, as both these groups were less likely to form behavioural
intentions.

Table 2: Cognitive impact and health behaviour status for any health message

<table>
<thead>
<tr>
<th>Health Behaviour</th>
<th>Awareness (n=1648)</th>
<th>Comprehension (n=1135)</th>
<th>Acceptance (n=895)</th>
<th>Intention (n=825)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Smoking</strong></td>
<td>0.7 (0.5-1.2)</td>
<td>1.5 (0.8-2.7)</td>
<td>0.2 (0.1-0.4)*</td>
<td>0.7 (0.4-1.2)</td>
</tr>
<tr>
<td>As recommended</td>
<td>69.9</td>
<td>78.3</td>
<td>94.2</td>
<td>42.1</td>
</tr>
<tr>
<td>Not as recommended</td>
<td>61.5</td>
<td>83.3</td>
<td>76.0</td>
<td>32.9</td>
</tr>
<tr>
<td><strong>Physical activity</strong></td>
<td>0.7 (0.6-0.9)*</td>
<td>0.6 (0.5-0.9)*</td>
<td>0.9 (0.4-1.7)</td>
<td>0.7 (0.5-1.1)</td>
</tr>
<tr>
<td>As recommended</td>
<td>71.0</td>
<td>81.7</td>
<td>91.8</td>
<td>43.8</td>
</tr>
<tr>
<td>Not as recommended</td>
<td>66.3</td>
<td>75.2</td>
<td>92.7</td>
<td>37.7</td>
</tr>
<tr>
<td><strong>Fruit and veg consumption</strong></td>
<td>1.1(0.8-1.4)</td>
<td>1.2 (0.8–1.6)</td>
<td>0.8 (0.4-1.3)</td>
<td>0.7 (0.5-0.9)*</td>
</tr>
<tr>
<td>As recommended</td>
<td>69.2</td>
<td>77.6</td>
<td>89.7</td>
<td>49.4</td>
</tr>
<tr>
<td>Not as recommended</td>
<td>68.8</td>
<td>79.2</td>
<td>91.8</td>
<td>38.9</td>
</tr>
<tr>
<td><strong>Sun protection</strong></td>
<td>1.3 (1.1-1.5)*</td>
<td>1.0 (0.8-1.3)</td>
<td>0.9 (0.6-1.7)</td>
<td>1.0 (0.6-1.6)</td>
</tr>
<tr>
<td>As recommended</td>
<td>66.1</td>
<td>78.7</td>
<td>92.9</td>
<td>43.0</td>
</tr>
<tr>
<td>Not as recommended</td>
<td>70.0</td>
<td>78.9</td>
<td>91.9</td>
<td>40.5</td>
</tr>
<tr>
<td><strong>Alcohol consumption</strong></td>
<td>0.8 (0.6-1.1)</td>
<td>0.7 (0.5-0.8)*</td>
<td>0.9 (0.5-1.6)</td>
<td>0.7 (0.5-0.9)*</td>
</tr>
<tr>
<td>As recommended</td>
<td>70.4</td>
<td>80.4</td>
<td>93.1</td>
<td>43.4</td>
</tr>
<tr>
<td>Not as recommended</td>
<td>65.2</td>
<td>75.4</td>
<td>89.7</td>
<td>35.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>68.9</td>
<td>78.9</td>
<td>92.2</td>
<td>41.2</td>
</tr>
</tbody>
</table>

Adjusted for gender, age and survey type clustered by event; *p<0.05

3.2 Cognitive impact of specific health messages and related health behaviours

When individual health behaviours were matched with promoted health messages at sponsored events (Table 3), participants who were insufficiently active were half as likely (OR = 0.5; 95% CI 0.3-0.8) to be aware of physical activity messages. In contrast, respondents who consumed less than the recommended levels of fruit and vegetables were twice as likely (OR = 1.9; 95% CI 1.1-3.4) to be aware of healthy eating messages than participants who consumed the recommended levels of fruit and vegetables. Further, participants who were sunburnt in the last 12 months were one and a half times more likely (OR = 1.5; 95% CI 1.1-1.9) to be aware of sun protection messages than those who were not sunburnt in the last 12 months. Smoking and alcohol consumption were unrelated to awareness of sponsorship messages promoting anti-smoking and safe alcohol consumption respectively.

Participants’ comprehension, acceptance and behavioural intention resulting from exposure to the sponsored message were largely unrelated to relevant health behaviours (Table 3). The exception was the low level of acceptance of anti-smoking messages among smokers compared with non-smokers at sponsored events promoting an anti-smoking message. Message comprehension and forming a behavioural intention were not associated with participants’ relevant health behaviour status and exposure to a related sponsorship.
health message.

Table 3: Cognitive impact and health behaviour status with related health messages

<table>
<thead>
<tr>
<th>Health Behaviour (Not as recommended)</th>
<th>Awareness (n=1648)</th>
<th>Comprehension (n=1135)</th>
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<tbody>
<tr>
<td>Smoking</td>
<td>0.9 (0.6-1.4)</td>
<td>1.6 (0.5-5.1)</td>
<td>0.1 (0.1-0.3)*</td>
<td>0.9 (0.4-2.1)</td>
</tr>
<tr>
<td>Exercise</td>
<td>0.5 (0.3-0.8)*</td>
<td>0.6 (0.3-1.2)</td>
<td>0.5 (0.2-1.3)</td>
<td>0.9 (0.6-1.6)</td>
</tr>
<tr>
<td>Fruit and vegetable consumption</td>
<td>1.9 (1.1-3.4)*</td>
<td>1.5 (0.6-4.1)</td>
<td>0.6 (0.3-1.2)</td>
<td>0.5 (0.2-1.2)</td>
</tr>
<tr>
<td>Sun protection</td>
<td>1.5 (1.1-1.9)*</td>
<td>0.9 (0.7-1.2)</td>
<td>0.9 (0.7-1.1)</td>
<td>0.6 (0.2-2.6)</td>
</tr>
<tr>
<td>Alcohol</td>
<td>1.0 (0.6-1.8)</td>
<td>2.1 (0.9-2.2)</td>
<td>2.1 (0.9-4.8)</td>
<td>1.2 (0.6-2.3)</td>
</tr>
</tbody>
</table>

Adjusted for gender, age and survey type – clustered by event; *p<0.05

4.0 Conclusions

This study set out to explore whether respondents’ existing health behaviours were related to the cognitive impact of social marketing messages within a sponsorship context. The results suggest that while the health behaviour of people attending sponsored events is related to their awareness of health messages, this relationship is confounded by their gender and age. More positive health behaviours were observed among females who were more likely to be aware of messages and people over 40 years of age who were more likely to form behavioural intentions related to sponsored health messages. The results of the current study reflect trends reported in an earlier study, although a stronger relationship between health behaviour and behavioural intention was found in the earlier study. For example, 47% of smokers reported a behavioural intention in the earlier study (Saunders, Timperio, Donovan, Giles-Corti, & Rosenberg, 2002), versus 33% of smokers with behavioural intentions in the current study. Possible explanations for the weaker association in the current study reflect the adjustment of age and gender in the current study, the evolution of Healthway’s sponsorship program, as well as the framing of health messages and their incorporation into wider community social marketing campaigns.

The cognitive impact of health messages in this study was high and consistent with previous similar research (Ferguson et al., 2013), with awareness of 70%, and behavioural intention formed amongst 40% of those who comprehended and accepted the health message. However, no consistent pattern of health behaviour and cognitive impact beyond awareness emerged to suggest messages were more impactful among at-risk audience members.

In this study, health behaviours appeared less influential across the cognitive impact hierarchy than the gender and age of participants. The results suggest females and older participants were in general more likely to engage in healthier behaviours and were more receptive to seeing and hearing sponsored health messages. The results reinforce efforts to target younger people at sponsored events, particularly around smoking, alcohol, diet and sun protection. However, it is often difficult to target messages toward this younger at-risk subgroup, as they are less receptive to social marketing messages in this environment. Within the current study, unsafe alcohol consumption was particularly associated with males and people under 40 years of age, although the cognitive impact of safe alcohol consumption messages was not associated with alcohol behaviour.
There are many factors that impact on health message awareness of sponsored events, including the framing of health messages to encourage behavioural cessation, initiation, or modification. In the current study, smoking and alcohol messages encouraged cessation and were unrelated to smoking and alcohol consumption, whereas, physical activity, sun protection, and fruit and vegetable messages promoted initiation or increases and were associated with their respective health behaviours. Furthermore, physical activity messages appeared to be very appealing to women over 40 who were already sufficiently active, a finding similar to that observed by a broader community wide physical activity social marketing program (Leavy et al., 2013). Based upon these observations, the framing of the health messages should be considered alongside the health behaviour profile of people attending the event.

There are some limitations of this study. Firstly, there is likely to be some degree of social desirability response bias, owing to the subject (healthy versus unhealthy lifestyle behaviours), combined with the nature of survey-based data collection. When taking the findings of this study into account, consideration should also be made for differential variations in individuals’ level of interest in the event, as well as the promotional activities at events, both of which may directly impact upon sponsored message salience. There is a small chance that participants in this study do not represent all people attending events, as data were only collected among people who were not directly engaged in viewing the event at the point of recruitment. In addition, although adjustment was made for people attending the same event, there remains a clustering effect of exposure to health messages that reflects the sponsorship activities at the event attended. Finally, given the cross-sectional nature of the data, the direction of causal inference remains uncertain.

In conclusion, this study supports previous research showing health behaviours influence awareness of social marketing messages promoted at sponsored events. The findings of this study also provide new knowledge indicating that both the health behaviour and the cognitive impact of messages were strongly influenced by gender and age. Managers undertaking the process of targeting health messages to sponsored events might first focus on the demographic segmentation of likely participants and secondly tailor messages to at-risk subgroups. Potentially, it may be that females and older people are our strongest agents of change when it comes to their receptiveness to social marketing messages and engagement in recommended health behaviours within a sponsorship context. Finally, managers should continue to focus sponsorship activities upon raising awareness of health messages at sponsored events, as forming a behavioural intention appears not to be influenced by existing health behaviours once awareness has occurred.

References


The Role of Environmental Information in Hardware Purchase Decision Making

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Abstract
This study focuses on the role of environmental information in consumer hardware purchase decision making. It examines both consumer attitudes towards and usage of environmental information (including point of sale buyer guide brochures). It reports on the qualitative stage of a two stage research study. The study found that consumer attitudes are critical to the usage of environmental information, and that the usage of environmental information appears to be limited in the hardware store purchasing context. There is however potential for environmental information to play a more central role, including buyer guide brochures (if carefully designed and made more visible to consumers), along with other environmental management tools.

Keywords: Consumer Behaviour; Environment; Decision Making; Marketing Communications.
Track: Social Marketing

Introduction
Any attempt to achieve the sustainable use of resources requires, in general, sustainable lifestyles. More specifically, the successful formulation and implementation of environmentally appropriate policies is dependent upon at least the existence of environmental awareness and, preferably, the positive acceptance or adoption of appropriate behavior on the part of both industries and consumers (Sharply 2001). Green Marketing can be defined as the marketing of a good or service's ability to improve the environment and conserve the earth's natural resources, while a green product itself can be defined as a product that its producers claim will not cause damage to the environment (Doyle 2011). The purpose of green marketing is essentially to influence consumer preferences so that those consumers who place significance on the attribute of environmental-friendliness can chose the ‘green’ alternative (Hussain 2000). This study focuses on green marketing to hardware store consumers. Environmental information can be provided to consumers in a variety of ways in retail outlets. One of these ways is through eco-labelling initiatives by producers or industry bodies. Hardware store retailers can also take initiatives to raise environmental awareness, to make consumers aware of the potential impact of their hardware purchases on the environment, and help them to make more informed choices by factoring in the environment in their purchase decision making. Government policy makers, specifically environmental protection agencies also have a role to play. While eco-labelling of goods and services is well established with some classes of products (electric goods for instance), and is of growing significance in other product categories (tourism products for instance), it is not the only means whereby environmental information can be provided to consumers in retail servicescapes. This study explores the provision of environmentally focused brochures (buyer guides) based on selected product classes (hardware, gardening, home improvement and lighting) at point of sale in hardware stores. The brochures in this study (along with a number of communication initiatives) are produced by a government agency, tasked with environmental responsibilities. The brochures are currently available in hardware stores that have partnered with the government agency. The aim of both is to provide hardware store consumers with environmental information enabling them to make more informed choices at the information searching and actual purchasing stage in the buyer decision process. Training to hardware store staff is also provided, so that the latter can assist customer’s in-store in...
making more environmentally sound choices. There has been little prior academic research in this area and there are no known academic studies that are specific to hardware store retailing

**Literature Review**

“The provision of environmental information has become an accepted, if not by all means fully understood part of the environmental toolkit” (Krarup et al 2005).

Several sources of information are available to consumers in making product choices (including choices about ‘environmentally sound’ products) in retail servicescapes, at home, and elsewhere. In the consumer behaviour literature, information has been categorised as external or internal. Internal information is available in memory as a result of the consumer’s personal experience and learning about the market. External information is all other information that the consumer might access or seek. It can be classified as marketer dominated or non-marketer dominated, and personal or impersonal (Schwalenstocker 2005). Additionally, the search for innovation and for cost-effective ways to improve industry’s environmental performance has led to the development of a wide array of environmental management (EM) tools by government and by industry (including retailers), beyond environmental impact assessment (EIA). While it was one of the first specific environmental management tools, there is now a large ‘environmental management system’ toolbox available (Wight 2001). In terms of communications, initiatives include mission statements, environmental reporting, seals of approval, single attribute certification, report cards, information disclosure, and hazard or warning labels, eco-labelling and the provision of environmentally focused brochures based on selected product classes at point of sale. As noted earlier, this study focuses on this last type of communications. Such brochure (buyer guides) communications, like eco-labelling, are intended to improve decision-making or information management, and to effect changes in consumer purchasing behavior. The benefits of providing environmentally focused product class information in retail servicescapes are in fact multiple (Moorman 1998, as cited in Schwalenstocker 2005). For their part, retailers in recent years have come under increasing pressure from stakeholders to become more environmentally friendly (Azis 2001). Both consumer pressure and a growing body of statutes and regulations are forcing producers (including retailers) to look at how their marketing strategies and tactics are impacting on the environment. For government too, environmental information (if it reaches and is acted on by consumers) can contribute to the meeting of government environmental objectives and targets. On the consumer side, information directed to individual consumers and households is often premised on the notion that the consumers have to take responsibility for their own choices, and that it is through consumer choices that a position of greater energy and environmental sustainability will be achieved (Gyberg and Paln 2009). The following reviews key dimensions of what has been established in the consumer behaviour literature, in terms of consumer’s knowledge, perceptions, behaviour and usage of environmental information. The social marketing and behavioural economics literature is excluded. Past research indicated that most consumers cannot easily identify greener products (apart from cleaning products) although they would prefer products produced by greener companies (Pickett-Baker and Ozaki 2008). Not all consumers however have equal levels of knowledge in being able to discern more environmentally friendly products from less environmentally products, or equal levels of positivity to the former. Research has also identified the main motivational factors driving consumers to make more environmentally sustainable choices. For instance cost savings have been identified as a key motivator for the adoption of smart energy saving devices in the home, though the ability to control energy use, and environmental considerations have also
been identified as significant motivations (Edwards et al 2012 and Gyberg and Paln 2009). The reasons given for changing one’s behaviour in some product categories centre on the desire for lower energy costs and a desire to reduce negative environmental impacts. Common advice for energy reduction is to switch to more energy-efficient consumer products (Gyberg and Paln 2009). This is perhaps despite the fact that earlier studies have found that claimed concern for the environment did not necessarily translate into considering the environment when purchasing goods and services (Alwitt and Berger 1993). Furthermore the jury is out on whether good environmental credentials necessarily contribute to perceived product strengths and therefore product desirability. One past study for instance found that consumer perceptions of product quality and value (and by extension purchase intentions) did not differ significantly between products with positive environmental messages and those without any such messages (Borin et al 2011). Further to this Berger (1993) found that consumer’s dominant concerns are product performance, convenience and price, and that concerns about the environmental effects of products only become significant as purchasing criteria, when these other ‘higher order’ product attributes are met (Berger 1993). Past research has certainly identified the centrality of attitudes as an explanatory factor in predicting consumer’s willingness to pay for environmentally friendly products (Chen and Chai 2010). However it also should be noted that the notion of consumer sovereignty and responsibility exists autonomously, and that consumer’s interests when information searching and considering product purchase for products (including hardware products) are likely to be multiple, with information searching centering on a range of perceived desirable criteria, and the choice criteria for actual final purchasing also being multi-dimensional, with a number of attributes contributing to the final choice. The environment may be one criterion. Consumers who are highly involved and concerned with the environmental issues prefer to buy environmentally friendly products and are more willing to pay a higher price for such products, than those who do not possess these characteristics (Datta 2011). Furthermore past research has also identified that willing to pay more for environmentally friendly products varies by consumer demographics (Laroche 2001). Lastly, it is likely that the quality of the environmental information provided is likely to have a bearing on the appeal of and the effectiveness of communication EM (environmental management) tools like eco-labels and in-store (buyer guide) brochures. ‘Quality’ has a number of dimensions, and perceptions of it vary among consumers. For instance past studies have indicated that consumers with higher levels of product knowledge, and product involvement are important moderators in the ability of information to persuade consumers in purchase decision making. Put simply, complex information versus simple information has different degrees of persuasive power depending on consumer’s product knowledge and involvement (Bei and Widdows 1999). Clearly presented environmental information can make a significant difference in consumer evaluation of products, as can the nature of the messaging (with positive environmental messages for instance being perceived as more effective than those with negative environmental messages consumers (Borin et al 2011). Hence the layout, style, headlines and body copy in buyer guide brochures displayed at point of sale in hardware stores are all likely to be contributors to the effectiveness (or otherwise) of such environment management (EM) communication tools. The core research question which this study addressed therefore is:

What role does consumer attitudes towards and usage of environmental information (including point of sale buyer guide brochures) play in hardware store purchase decision-making processes?

The subsidiary questions linked to this core research question include questions about current knowledge levels in the hardware products context, perceptions of what ‘good’ environmental
information would look like and what messages it would communicate (e.g. personal cost savings or altruistic environmental benefits), as well as what factors might be the most motivating to consumers in possibly purchasing more environmentally sound hardware products. This study focuses on rational rather than emotional motives and factors.

Methodology

Given the exploratory nature of the core research question, exploratory qualitative research was considered appropriate for the first stage of this study. Four focus group (with around eight participants in each group) were held with hardware store consumers (home renovators and gardeners). Information in the areas noted at the end of the last section was used as the basis of inquiry, and was central to the focus group guide agenda which the moderator used. The participants selected for inclusion in this study were home or garden hardware store customers who were currently home or garden renovating (or who had renovated in the last six months, or bought garden products in the last month) from a hardware store. They were in part recruited on the basis of the product classes purchased (or likely to be purchased) in order to give the study a higher degree of focus. This stimuli material comprised buyer guide brochures on solar panels, hot water systems, composting, mulching, insulation and draft-proofing and lighting. A qualitative recruitment agency was used to recruit subjects for the focus groups using random digit dialing, and a recruitment questionnaire, incorporating a number of screener questions. The focus group participants were drawn from one large metropolitan city in Australia. Standard human content analysis was performed by the researcher, who has extensive experience in the design, moderation and analysis of focus groups.

Results

The results of the qualitative research are reported on here around key themes in the research:

Starting points for product demand in hardware store purchasing: The majority of renovators and gardeners in the focus groups ‘just knew’ that they needed the product that they were asked to focus on in the research (the most expensive hardware product that they had purchased). A limited number talked to a staff member at a retail outlet to get information about the product they needed (a potential source of environmental information). Environmental considerations were not on the radar for any of the group participants.

Information sources used for hardware store purchasing: Having decided that they did need a home renovation or gardening product, when it comes to information searching about that product most said that they ‘just knew’ what they needed to know about the product. Some however did talk to staff in retail outlets to get information. Other sources included online retailer websites, professionals or tradespeople, family members or friends, retail catalogues and manufacturer websites. Environmental sources were not typically consulted

Evaluation of hardware store product alternatives: Many consumers evaluated alternative products by themselves with the most common response being ‘I just knew which brand or type I wanted’. The second most common way that products are evaluated involves conversations with retail staff. Once again, other sources included online retailer websites, professionals or tradespeople, family members or friends, retail catalogues and manufacturer websites. There were few, if any, spontaneous mentions of environmental criteria in the product evaluation process.
Importance of environmental concerns in product choice decisions: Despite the very limited role for the environment, or environmental products in the buyer decision process, around half of those in the focus groups claimed that the environmental aspects of the product they were asked about were important (to varying degrees) in their purchase choice. It should be noted that the bulk of the rest claimed that they are undecided whether it is important or not.

Reactions to the Buyer Guide Brochures: Awareness of the in-store buyer guide brochures was low among both home renovators and gardeners. Despite visiting hardware stores on a regular basis many claimed not to have previously seen the brochures, despite their presence in-store for some time, prior to the study being conducted. Furthermore, only a minority of the hardware store consumers agreed that the in-store environmental buyer guide brochures made them want to do what the brochures were advising them to do. Up to half (in the case of some of the brochures) however did claim the brochures increased their interest in learning more about the product(s) that the brochures were informing them about. Participant discussions indicated that where a product has multiple consumer benefits (price, functional performance and environmental benefits) it will be much more attention getting. The hardware store consumers in the study explained the key to getting their attention was personal relevance, credibility, clear and concise information, important ‘new’ news, and different enough angles to cut through the belief they probably know already what there is to know about the particular product class featured in the buyer guide. While neutral reactions to the brochures were common, a substantial minority with all the brochures felt that the ones that they were exposed to contained too much information. Only a few hardware store consumers agreed that they’d be likely to notice the brochures in-store. This was the major issue for the brochures. Consumers made some suggestions about various placement strategies in the store and in using the retailing staff to hand out the brochures, feeling that this might make the buyer guide brochures more effective as environment management (EM) communication tools.

Discussion and Conclusions

The simple answer to the research question is that consumer attitudes are critical to the usage of environmental information, and that the usage of environmental information appears to be limited in the hardware store purchasing context. Hardware store consumers, based on the results of this four focus group phase of the study, have not previously been looking for, and nor have they encountered much, environmental information in the hardware store context. This does not mean that they are not open to receiving it. Indeed consumers in this study were generally open to the idea, and positive (to varying extents) towards the retail buyer guide brochures that they were exposed to. Beyond this, consumers would like more environmental information on the hardware products they are considering purchasing, but environmental criteria (including the environmental friendliness of particular hardware products) is but one of the criteria that they consider. Price, aesthetics, and functional performance are all of significance, and like environmental friendliness, their significance varies by particular classes of hardware products. Environmentally focused buyer guide brochures based on selected product classes at point of sale are not the only possible communication tool however. There are a number of currently utilized information sources, from highly personal ones, to professional sources, and online sources. The latter offer considerable potential, (and are likely to grow in significance in the future). Consumers live in the ‘information age’ and are surrounded by information, in the home, in the workplace, and in retail servicescapes. Not only is there a lot of information, but this information is of varying importance to different consumers, though it may also be hard to navigate or understand. Information that gives consumers the power to make comparisons more easily within particular product classes, and
make better choices is likely to be more effective (Thaler and Tucker 2013). Choice engines have already made significant inroads in revolutionizing some markets, as the travel industry. Web sites such as Expedia and Travelocity allow customers to bypass travel agents and quickly search for and purchase flights and hotels. Such information rich choice engines have been empowering consumers in new ways, giving them the ability to comparison-shop more easily and make better choices (Thaler and Tucker 2013). They offer considerable potential in the provision of environmental information available in retail servicescapes (both physical and online). Smart phone devices are another communication tool with potential environmental information provision application for hardware products. Mobile phone applications based on Near Field Communication (NFC) to obtain product information at the point of sale have been under development (Resatsch 2008). In so far as in-store buyer guide brochures still have a role to play in either government agency-retailer partnerships, or as retailer initiatives there are some critical factors that require consideration. The design of the brochures, what their central messages should be (cost savings to the consumer and/or environmental considerations), and the degree of information richness all require careful consideration in order for the brochures to be appealing and useful to hardware store consumers. The question of their placement in store (particularly in larger retail establishments) is also critical, since consumers in this study claimed to be largely unaware of them prior to the study.

Limitations and Future Research
This study focused on a limited number of product classes in hardware stores. It did not extend itself to other product classes, and this may have implications for the generalizability of the results. While it is not thought that consumer behaviour in relation to hardware store purchasing varies much in Australia, the study was restricted to one metropolitan area, and is grounded in the consumer behavior literature, rather than also in the social marketing or behavioral economics literature. The focus was principally on rational motivations and factors rather than their emotional equivalents. In terms of the buyer guide brochures themselves, while a number of product class brochures were tested, the same results might not hold true for brochures covering other product classes. Other government agency initiatives in the area of environmental information provision targeting consumers in retail outlets other than in the hardware store sector can be researched. Electrical stores stocking white goods and brown goods are one obvious example, focusing on the electricity and water consumption star rating schemes. There is also potential to research retailer initiatives that are not undertaken in partnership with government agencies. Consumer attitudes towards and usage of online sources to search for environmental information helping them to make more environmentally sound product choices is a fruitful area for future research, as is the growing number of Smartphone apps based on NFI technologies, as these continue to roll out. There is clearly considerable potential for future research in this area, and there are also good reasons for doing so. As Bazerman (2001) noted - consumer research can best help society by encouraging citizens to purchase products that will improve their own welfare.

Bibliography
Communicating Climate Change Information – In Celsius or Fahrenheit?

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Abstract

This research reports an intriguing finding: when told that the average global temperature was -24 ºC, participants thought it was more important to limit climate change than when told that the average global temperature was -16 ºC. This is consistent with the notion that people associate climate change primarily with rising temperatures in the cooler parts of the Earth such as the North and South Poles, which pose commonly-portrayed problems such as melting of the ice caps. However, when told that the average global temperature was -11 ºF, participants thought it was less important to limit climate change than when told that the average global temperature was 3 ºF. These findings are not consistent since -24 ºC is the same as -11 ºF and -16 ºC is the same as 3 ºF. A theoretical explanation based on numerosity and anchoring in temperature judgments is proposed.

Keywords: climate change; numerosity heuristic; anchoring and adjustment; persuasion

Track: Social Marketing

1.0 Introduction

Climate change is one of the greatest challenges facing life on Earth (Karl, Melillo, & Peterson, 2009; National Research Council, 2010; Solomon et al. 2009). It is defined as the rise in the average global temperature, while global warming involves more than temperature rise, but the two are commonly associated in media with consequences such as melting of the ice caps and rising sea levels. Thus, it is important to limit, if not stop, human activities that exacerbate climate change. Might people’s concern for climate change be influenced by something as trivial as whether they see information about climate change in either Celsius or Fahrenheit?

This research reports an intriguing finding: when told that the average global temperature was -24 ºC, participants thought it was more important to limit climate change than when told that the average global temperature was -16 ºC. This is consistent with the notion that people associate climate change primarily with rising temperatures in the cooler parts of the Earth such as the North and South Poles, which pose commonly-portrayed problems such as melting of the ice caps. However, when told that the average global temperature was -11 ºF, participants thought it was less important to limit climate change than when told that the average global temperature was 3 ºF. These findings are not consistent since -24 ºC is the same as -11 ºF and -16 ºC is the same as 3 ºF.

Numerosity and anchoring effects explain these findings. In the “money illusion”, people anchor on the nominal value of a foreign currency and adjust it for the exchange rate. However, because this conversion is difficult to make in one’s head, the adjustment is inadequate, which causes a biased evaluation toward the nominal value of the foreign price (Pelham, Sumarta, & Myaskovsky, 1994; Raghubir & Srivastava, 2002). Similar, in time judgments, one year can be represented as 365 days, 52 weeks, or 12 months – and such changes in representation shift consumer preferences (Chandran & Menon, 2004; Zhang & Schwarz, 2012). These findings suggest that anchoring in particular exerts a subtle yet strong influence on decision-making, especially given that people fail to adjust insufficiently.
For Celsius, people likely anchor at 0 ºC, the point at which water freezes, such that values above indicate warm temperatures and values below indicates cold temperatures. For Fahrenheit, people likely anchor at 32 ºF, the commonly-used reference point. However, there is also another anchor at 0 ºF, since 0 is a salient reference standard in numerical judgments. For example, people perceive zero probability substantially differently from small increases in chance (Kahneman & Tversky, 1979). The proposition that 0 can also be an anchor for Fahrenheit even though it carries no inherent meaning in Fahrenheit is consistent with the notion that round and sharp numbers are reference standards in many numerical judgments (Dehaene, 1992).

It is proposed that people anchor values above 32 ºF and those below 0 ºF at 0, but they anchor values between 0 ºF and 32 ºF at 32. Assessing 68 ºF relative to 32 makes sense because it is a judgment common to people familiar with Fahrenheit. Assessing, say, 3 ºF to 32 also makes sense because it is also an easy judgment to make than to 0 that carries no meaning to hold cold or hot 3 ºF might be. However, assessing -14 ºF relative to 0 – not 32 – makes sense because 0 is a salient reference standard and people fail to adjust sufficiently towards the more meaningful anchor at 32 (Tversky & Kahneman, 1974). The consequence would be that people consider 3 ºF to be colder than -11 ºF because 3 ºF relative to 32 is “30 degrees or so below the freezing point”, which creates the perception that it is cold, but -11 ºF is only “13 degrees below zero”, and the psychophysics of such comparisons create the perception that it is not that cold. Thus, because people likely consider the seriousness of climate change primarily for Earth locales that are cool now, they should have different concerns for climate change depending on whether that information is presented in Celsius or Fahrenheit and depending on the base temperature that will rise.

2.0 The Experiment

2.1 Procedure. American users from Mechanical Turk (N = 332, mean age of 33.4 years old), about half of whom were familiar with either Celsius (43.5%) or Fahrenheit (56.5%), received a snippet of information about climate change adapted from popular climate change concern websites and brochures. They randomly received one of four cells in a 2 (familiarity: Celsius, Fahrenheit) × 2 (unit presented: Celsius, Fahrenheit) × 2 (base temperature: -24 ºC, -11 ºF, -16 ºC, 3 ºF) between-participants design. (-24 ºC is the same as -11 ºF, and -16 ºC is the same as 3 ºF.) Crucially, participants read that the average global temperature of the Earth was [condition], and that 500 years from now, that temperature will rise by 5 ºC or 9 ºF, depending on whether they were in the Celsius or Fahrenheit condition. (5 ºC is the same as 9 ºF.) Finally, all participants indicated (1) how concerned they were by the rise in the average global temperature and (2) how important it was to limit, if not stop, climate change (1 = Not at All, 9 = Very Concerned/Important).

It was decided ahead of time on a large sample size of approximately 300 participants, more than the typical of 25 per cell in empirical research, in order to determine whether the effect would hold across the largest group of respondents as varied as possible. The study was conducted on Mechanical Turk for 1 week in mid-January 2014. The number of respondents was over the minimum target.

2.2 Results. Participants’ concern with and importance of limiting climate change were averaged to form a single measure of concern (r = .77, p < .001), with higher scores indicating greater concern for climate change. A 2 × 2 × 2 ANOVA revealed a main effect of whether the presented information was in Celsius or Fahrenheit, F(1, 328) = 38.01, p < .001, d
Participants who received information in Celsius were more concerned \((M = 7.74, S.D. = 1.41)\) than those who received information in Fahrenheit \((M = 6.78, S.D. = 2.07)\), which is consistent with the fact that the Celsius units presented were generally lower than Fahrenheit units, and so concern for climate change would be greater when information was presented in Celsius than in Fahrenheit.

This main effect was qualified by a significant two-way interaction, \(F(1, 328) = 34.01, p < .001, d = .64\). For Celsius, participants were more concerned when they read that the average global temperature was \(-24 ^\circ C (M = 8.18, S.D. = 1.06)\) than when it was \(-16 ^\circ C (M = 7.40, S.D. = 1.56)\), \(t(170) = 3.76, p < .001, d = .58\). However, for Fahrenheit, they were more concerned when the temperature was \(3 ^\circ F (M = 7.33, S.D. = 1.91)\) than when it was \(-11 ^\circ F (M = 5.94, S.D. = 2.05)\), \(t(158) = 4.40, p < .001, d = .70\). Again, because \(-11 ^\circ F\) is colder than \(3 ^\circ F\) objectively, people should be more concerned with climate change when the temperature was \(-11 ^\circ F\) than when it was \(3 ^\circ F\). There was no main effect of whether participants were familiar with Celsius or Fahrenheit \((p = .94)\), and there was no three-way interaction between participants’ familiarity with Celsius or Fahrenheit, the presented unit as Celsius or Fahrenheit, and the presented base temperature that will rise \((p = .23)\).

Then told that the average global temperature was \(-24 ^\circ C\), participants thought it was more important to limit climate change than when told that the average global temperature was \(-16 ^\circ C\). However, when told that the average global temperature was \(-11 ^\circ F\), participants thought it was less important to limit climate change than when told that the average global temperature was \(3 ^\circ F\). These findings are not consistent since \(-24 ^\circ C\) is the same as \(-11 ^\circ F\), \(-16 ^\circ C\) is the same as \(3 ^\circ F\), and \(5 ^\circ C\) is the same as \(9 ^\circ F\).

### 3.0 General Discussion

This research applied numerosity and anchoring effects in the domain of temperature judgements, and found that for Celsius, people anchor at 0, while for Fahrenheit, people anchor at 32 when values were above 32 °F or below 0 °F, but they anchor at 0 when values were between this range. These propositions, by themselves, may be intuitive and unsurprising, but this research demonstrates their important implications in the domain of climate change – which has not been documented before in research.

In sum, future research and policy officials whose role is to communicate the importance of climate change would be prudent to consider the temperature unit presented in order to maximize the effectiveness of the message that they are trying to get across. It is likely that numerosity and anchoring may also impact other judgments derived from temperature. For example, in the “how do I feel heuristic?”, people judge their life satisfaction based on the current weather (Schwarz & Clore, 1983). Although the original finding was based on rainfall or sunshine and not temperature per se, it is conceivable that temperature might exert an impact on life satisfaction. It might be, then, that 68 °F might elicit higher life satisfaction than 20 °C even though, of course, both are identical. Future research should examine this possibility.

### References


A Social Entrepreneurial Effort to Ameliorate Food Insecurity: Obstacles and Opportunities Discovered

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Abstract
This paper describes the first level of a social entrepreneurial effort to enable supermarkets to donate surplus goods to food banks via an online Donations Management System (DMS). Interviews were conducted with seven supermarkets to explore their current practices. Results suggest that the established practices of supermarkets are sufficient in waste management and donation management and, as such, a DMS is not appropriate for that target.

By highlighting an approach that was not viable, results informed a further study of food banks to explore their needs, resulting in an opportunity to provide coordination services for inter-food bank supply being identified. The key conclusion of this current study is that food banks are in a better position to find innovative ways to manage their supply by working within their horizontal rather than their vertical network.

Keywords: social enterprise, food security, food banks
Track: Social Marketing

1. Background:
Supermarkets exist to create a profit through repeated sales of food products. In this process, they generate an amount of edible food waste. Food banks exist as a welfare back-up, providing food to people in need. The purpose of this current research is to examine how behaviors associated with food being donated from supermarkets to food banks could potentially be shaped by both parties contributing to the design of a Donations Management System (DMS). The product design link between supermarkets and food banks was facilitated by a university-based social entrepreneurial effort. Thus, this work relies on social marketing (regarding shaping behaviors) and social enterprise (in the development of a technology designed with the purpose of serving a social need). The underlying premise was that by involving both target markets (donors and recipients), a product could be co-created in such a way to facilitate efficient donation-related behaviors and, thus, deliver greater societal value.

Food security is the availability and access to nutritional and culturally acceptable food through constant, non-emergency sources (Allen, 1999; Gera, 2004; Riches, 1999, 2002; WHO, 2011). Food banks act within an often fragmented network of players, each with a role in ameliorating food insecurity. They largely operate without government support and rely on donations made, in cash or kind, to provide food parcels to food insecure citizens. The Christchurch Earthquakes of 2010 and 2011 placed particular strains on food bank stock; increased demand is both on-going and geographically shifted due to the residential displacement which has accompanied the repair and rebuilding of homes. Thus problems with both availability and access have heightened the social need and, accordingly, have provided the impetus to design a Donations Management System (DMS) that allows for the efficient distribution of food from those who have supply to those who have need.
This study identifies opportunities and obstacles in relation to modifying behaviors associated with food being donated from supermarkets to food banks. The current article reports the needs and concerns of supermarkets (the first phase of the overall study).

2. Literature Review:
The primary objective of a supermarket is to create wealth via repeated exchange transactions with consumers (Dixon, 1999). Operational practices lead to a certain amount of goods being surplus to an ability to generate profit (Alexander & Smaje, 2008; Tarasuk & Eakin, 2005). There are many reasons for classifying a good as surplus, including near-to-expiry dates, damaged packaging or ordering error (Tarasuk & Eakin, 2005). The challenge is in determining the method of disposal which provides the organization with the greatest economic advantages, while at the same time not hurting the organization’s image.

Food banks exist as a welfare back-up, to provide redistributed food to the food insecure within the community (Riches, 1999, 2002). The New Zealand Network against Food Poverty last estimated the number of NZ food banks to be 365 (McPherson, 2006) with core users being those who struggle with financial access to food; such as beneficiaries, the unemployed, or those on low-incomes. While some food banks operate under a large non-profit organizational body (for example, The Salvation Army), networking between food banks, and between supermarkets and independent food banks, is often ad hoc. While uncertainty in resource availability could pull formally affiliated groups together to strengthen their collective chance at survival, competition amongst not-for-profits (Weerawardena and Mort, 2006) could leave independent organizations more vulnerable to resource fluctuations. Resulting from the lack of any united organization or control, there is a lack of unifying protocols which qualify individuals to receive a food parcel, as well as inequalities in food banks receiving supply to redistribute (Riches, 1999, 2002). This can result in some food banks having excess resources, while others are unable to cope with demand. One approach to counter variability in resource availability might be in finding a way to pull unaffiliated food banks together with supermarkets under the umbrella goal of reducing a social problem that no one group could solve on its own.

Social marketing provides a basis from which solutions to the problem of food insecurity due to the uneven distribution of donated food might be conceptualized. We rely on Andreasen’s (1994) definition of social marketing as: “… the adaptation of commercial marketing technologies to programs designed to influence the voluntary behavior of target audiences to improve their personal welfare and that of the society of which they are a part (p. 110)”. As it stands, most supermarkets already have a process for dealing with their surplus goods and food banks have access to some level of supply. The challenge is in finding a way to make exchange processes between these two groups better. Required behavioral changes could be supported via technology but, before a technological solution can be built, more needs to be known about current donations-related behaviors, and what the motivations and obstacles might be towards changing these behaviors. This formative research step is aligned with Andreasen’s (2002) benchmarks for social marketing programs. Viewed through the lens of social marketing, supermarkets and food banks are target markets for a social enterprise-backed effort to introduce a web-based application that allows donations to be managed efficiently. For this technology to actually improve the current situation, it has to be used. For it to be used, designers must first have a broad understanding of what would motivate or prevent the targets to adopt a change in the ways they are currently servicing their needs. The product in terms of behavioral change is getting the right type and amount of food into the right communities at the right time. The DMS application itself could potentially facilitate
convenient and easy exchanges between the target markets (gives the targets a “place” for the new behaviors to take place).

The proposed DMS directs the limited, existing resources into a social development opportunity, thus putting the effort into the area of social entrepreneurship (Kraus, et. al., 2014) as well as social marketing. Social entrepreneurship relies on the entrepreneur becoming aware of not only an underserved social need, but also on the creative ability to direct business innovations and processes into serving this need. The underlying mission of this form of entrepreneurship is not financial gain, but the fulfilment of social development and furthering the position of others in the community (Dees, 1998). This differs from the view of other authors who maintain that it is only when profit is earned that such activities can be classified as “entrepreneurial,” otherwise these efforts would be more appropriately termed as social service provision or social activism (Cukier, et. al., 2011).

Shaw (2004) has categorized social entrepreneurship along four dimensions:

- **Opportunity recognition**: An unmet, local social need is identified
- **Entrepreneurial effort**: A common vision and leadership drives the social initiative
- **Entrepreneurial organizational culture**: Initiatives are open to suggestions and creative in how those suggestions are embodied in design decisions made
- **Networks and networking**: Local networks are used to identify social needs and provide the contacts needed to obtain resources which could meet those needs

A university-based software applications design team fit Drucker’s (1985) concept of entrepreneurs as those who look for opportunities; in this case, opportunities to initiate social innovation and change. As food banks themselves are constrained by their social mission and financial resources, it would be unlikely that they could pursue a technologically-based networking solution without the support of a social entrepreneurship effort.

This design team built a prototype DMS platform product around four social goals:

- Reducing chronic hunger and food waste through the redistribution of surplus goods;
- Reducing the amount of food being wasted;
- Strengthening the capacity to reduce hunger and provide for those in need;
- Providing access to quality food (Hou et al., 2011).

The opportunity to ameliorate the problem of food insecurity was thus recognized and acted upon by the design team. Without the buy-in and cooperation of both identified targets, it was feared that the proposed product would fail. Therefore, the plan was for the product design effort to ensure that, by helping further the aims of one target, the other would not be disadvantaged. Understanding the individual targets’ needs set the basis for them to be integrated in a way that would pose the greatest likelihood for the objectives to be achieved.

3. Method

Stage one of this research was comprised of interviews with managers from Christchurch supermarkets. Of the 29 supermarkets in Christchurch, 23 were contacted for participation and seven agreed to an interview. The sample comprised a mix of urban, rural, and mall outlets with representation from four supermarket brands. All interviews were conducted between the 27th of February and the 3rd of March, 2012. Each interview was recorded using the iProRecorder on an Apple iPod Touch.
An interview script was developed based upon a literature review and the desire to understand each organization’s needs in consideration of a DMS. The qualitative nature of the research sought to discover insights not previously thought of by allowing for digression within the interview. Research questions explored the nature of disposal/supply problems encountered, how they are being solved currently and how a new system could potentially meet these needs in a better/more efficient manner. Questions of this nature align closely Interpretative Phenomenology Analysis (IPA). IPA focuses on personal meaning and sense-making in a particular context for people who share a particular experience (Smith et al., 2009). After all transcripts were analyzed as individual responses, the combined transcripts were used to discover themes which were then grouped together and named, taking into account variations in speech and comment.

The prototype DMS software that the supermarket managers were asked to comment and make suggestions on was developed around five key features (Hou et al., 2011):

1. Provide a platform by which supermarket managers can upload donations onto the DMS, to be viewed and accepted by local food banks.
2. Allow dual communication, whereby food banks can request certain items from members of their vertical supply network (where shortages exist). This feature mitigates the food bank’s need to purchase food from supermarkets or food wholesalers for redistribution, thus decreasing their costs.
3. Allow food banks to submit donations of excess goods onto the system. This feature reduces potential waste within food bank supply, given that storage room for inventory might be limited.
4. Enable supermarkets, over time, to select their ‘preferred destination’ once the relationship has been built. This feature rewards food banks who manage the relationship as agreed upon, potentially mitigating the sometimes unreliable impressions that food banks may make due to volunteer staffing issues (Riches, 1999).
5. In time and after consultation with the parent company of the supermarket, it was envisioned that the software would be developed to be able to be compatible with the inventory management system. This would allow the system to automatically ‘check’ which items are nearing the expiry date, and upload these onto the DMS software. By decreasing level of human interaction involved, time (a cost) is saved and system efficiency is promoted.

After explaining the basic DMS concept to the respondents, the first set of interview questions explored whether the application was viewed as practical in the context of current business operations, systems, technology and needs. The respondent was then asked to describe their role in making decisions about technology, with the goal of qualifying comments about how important certain product features would be. Perceptions about central benefits and barriers with regards to the adoption and implementation of a DMS were then explored. The next group of questions sought to uncover the form of the product, which features were thought to be necessary, and how the system should operate. Maintenance-themed questions followed with the goal of understanding failures which can take place, both in technology and the system of receiving donated goods. The purpose of the final questions was to assess the resilience of each organization in terms of how system outages could be tolerated without
impairing their desire to use the system. Given they would have had a resource investment in product adoption (time, information and synthesis with current systems) there will be some degree of resistance to avoid wasting committed resources. Overall, data were expertise and experientially-based, covering issues which have arisen in the past, may arise, or fears that respondents may have about how things can go wrong.

4. Results

Each of the supermarkets participating in this research have relationships with food banks imposed via their head offices. These corporate protocols specify which food banks to work with, but not at what capacity. Some outlets only use the customer bins (in which customers have donated purchased food at the supermarket) and some outlets add to this with goods which are able to be distributed (such as dented cans or label damaged stock).

Brand One is not allowed to donate items due to their Food Safety Programme (FSP):

The waste is either out of date product or damaged products (compromised packaging), therefore because of our (franchises) food safety programme; what we can't sell gets thrown out because we can't guarantee the safety aspect of things. So we basically throw those at a cost or we reduce to clear what we can (if the product is still good to eat or use). Once the product is no good, out of date, we don't sell it - it goes down as waste and that is just a cost to the company.

Thus, for security and health reasons, no donations can be made to food banks of products which are not in a saleable condition. This was confirmed by other supermarkets in the chain which were contacted. Uploading donations solely coming from customer bins would pose a high cost/benefit for the store and would not serve the established objectives. A DMS as proposed is therefore not appropriate for Brand One.

Brand Two has software in place which gives an electronic printout of all the products within the store expiring within the next two weeks, and effectively removes the prevalence of surplus goods within their stores.

As the goods come in (when they are scanned in to become live items) they have their (expiry) dates noted beside them. The system will automatically warn the manager when they are close to the date to be reduced and sold, and each manager gets a daily print-out… We tell the system how many items we have of one particular product, how many will actually fit on the shelf and when we want them to send us a box. With this new auto stocker system everything that comes in our back door pretty much goes out straight into the shop.

They have minimal inventory storing only on-sale items; overall, a just-in-time supply philosophy. Goods declared as waste are primarily in an inedible condition. A DMS as proposed is therefore not appropriate for Brand Two.

Brand Three has the ability to implement technology of their choice.

We are working with software and we can choose to use things or not. It can be better if the whole group is using it and get everyone into it, but we can still choose things we want or not. We have a stock loss figure and we scan stock and take our losses.

The cost of purchasing and implementing software falls to the individual store rather than being brand-wide, and this directly impacts their choice of technologies. Thus, for financial reasons, Brand Three stores may be unlikely to adopt a DMS system unless it can be supported by an outside funding mechanism.
Brands Three and Four rely solely on human effort to check, rotate and know their stock. There are dates on the product and it is up to the managers to rotate the products and make sure they aren't carrying any old stock… The clever ones manage it well and they know what is on the shelf when they go away at night.

Staffing competence therefore has the ability to impact the amount of surplus goods within these stores. While a DMS may be suitable for Brands Three and Four, estimates of the size of the target market (of New Zealand supermarkets) has been substantially reduced by this finding.

5. Conclusions

This paper communicates the first step of research backing a social entrepreneurial effort to ameliorate food insecurity, with the applicability of social marketing to this effort being described. Although it was initially thought that involving target markets in the new product design effort would increase the chance of product adoption, it was equally important that the barriers to product adoption be identified as this reset the expectations for who the target market should be.

Before social entrepreneurs can understand how to direct change to improve the social good, they need to recognize the ideas, attitudes, practices, and behaviors of the relevant actors as they are. In Christchurch, the problem of food insecurity exists, as does a potential aid to mitigating the problem, if ways to encourage the adoption of a Donations Management System can be found. What has been learned through the first part of this study is that the two groups initially envisioned as being the targeted adopters of this change, supermarkets and food banks, needs to be revised. Whether from operating standards, constraints posed by existing technology, the lack of willingness/ability to incur a private cost for a social good, the small size of the target market, or mere bad timing (“The amount of stock we have now that is able to be salvaged is very minimal compared to years ago. Maybe years ago it would have been good to have something when our backroom door was overflowing with damaged stuff”), innovation in changing the process of food bank donations is thought to be unlikely to occur unless there is flexibility in how the target market is defined. The recurring theme coming from those interviewed was that “what they are doing now works really well” wherein surplus goods are salvaged if possible, and anything else is either given to a pig breeder (who collects waste food), thrown out or added to the food bank bins at the store (in which food bank volunteers do the collection). In social marketing terms, these existing behaviors represent competition that are deemed to be too strong for a social entrepreneurial effort to overcome.

This first level of exploration (to assess the potential of a DMS network between supermarkets and food banks) did lead to additional opportunities being identified, just not between these particular targets. Rather, by highlighting paths that do not appear to be feasible, direction is given as to the importance of investigating alternatives, as identified in subsequent interviews with food bank managers. Recognizing that food banks can also be envisioned as organizations that are, at times, in the position to donate their own surplus goods to other food banks gave the guidance needed about who to consult in the next round of product design. As long as the social need is still present, investigating possible systems in which the DMS software could ameliorate the problem of food insecurity is still worthwhile.

6. Limitations:

The study is limited by its narrow geographic sampling reach. The concerns that supermarket representatives in the South Island of New Zealand might be markedly different from those in
the North Island or any other location. While the major supermarket chains were represented, there was no attempt to involved owners of independent food retailers who may have unique concerns or who might present unique opportunities to adopt different donations-related behaviors.

7. References:
Riches, G. (1999). Advancing the human right to food in Canada: Social policy and the politics of hunger, welfare and food security. Agriculture and Human Values, 16(2), 203-211.
Privacy behaviours: Protecting consumers from their friends and themselves

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Abstract
In this paper we highlight a role for social marketing to address the problem behaviour of online self-disclosure of personally identifying information. Discussing the social motivations behind consumers’ privacy related behaviours, we identify how consumers’ privacy behaviours are influenced by their framing of the online environment for social interaction. Observing similarities to other problematic behaviours for society, we make suggestions for how upstream social marketing interventions could be used to help bring about structural changes to enable and encourage consumers to be more reflective on self-disclosure and privacy protection behaviours. We also discuss the positive role that organisations could have in facilitating and encouraging the required behavioural shift for privacy protection.

Keywords: privacy, self-disclosure, social privacy, harm-chain, social marketing

Track: Social Marketing

Introduction
The sharing of personal information online has become an everyday activity for literally hundreds of millions of consumers worldwide. Though consumer concern for privacy is on the rise, rarely would an individual consumer be fully aware of the potential long-term consequences to their privacy that may arise from even the most basic and innocent disclosures online. Existing literature has placed a great degree of focus and concern on the so-called “privacy paradox”, typically presenting a narrative of consumers who despite expressing concern for privacy are functionally either privacy illiterate or aliterate. Emphasis is often placed on the idea that consumers have failed to exercise personal responsibility on these privacy issues, in terms of proactive management of private details and information, and educating themselves of the broader information landscape they and their online disclosures are part of. Yet despite these concerns about online social behaviours, the relevance of social marketing to online privacy has yet to be considered at all in the academic literature. In this paper, we discuss how upstream social marketing can aid addressing consumers’ problematic self-disclosures behaviours. Drawing on research into consumers’ online disclosure and privacy protection behaviours, we discuss a role for social networking sites and social marketing in encouraging consumers to adopt safer disclosure and privacy practices.

Self-Disclosure
The primary rationale for consumers’ use of social networking sites, and other forms of social media, is the idea of sharing (John, 2012). By enabling consumers to share information and experiences with multiple others separated both physically and temporally, social networking sites facilitate consumers in maintaining their interpersonal relationships with other consumers in their social circles (Ellison et al., 2009; Tufekci, 2008). To get full use of the potential of these websites, consumers must be willing to actively participate in information sharing activities. This willingness should not however be interpreted as an explicit desire to engage in sharing in all circumstances. For many consumers, a ‘fear of missing out’ and the possibility of social exclusion may motivate them to make disclosures they would otherwise have been more cautious in making (Przybylski et al., 2013). With the implicit collaborative, and co-created consumption experience of social networking sites and other online...
communities, these spaces are enacted by consumers' as an aggregate extended self shared with other users (Belk, 2013). Researchers have noted the role played by social gratification and affirmation seeking in reinforcing self-disclosure behaviours (Ellison, Steinfield, and Lampe, 2007; Steinfield, Ellison, and Lampe, 2008; Tufekci, 2008), noting how the extended self online is a collaborative co-construction that is social in nature.

Social Privacy
Social privacy encompasses issues relating to consumer’s management, regulation and presentation of their self to multiple audiences. Prior research has largely equated the concepts of privacy and information privacy (Dinev, 2014); with the primary focus of the literature being on institutional privacy issues relating to the collection and use of consumer’s information by organisations and government (Raynes-Goldie, 2012). Though these institutional privacy issues are certainly important, recent research suggests that they are of secondary concern to many consumers, behind issues of social privacy (Madden et al., 2013; Pomfret and Previte, 2012; Raynes-Goldie, 2012). Though institutional privacy failures can lead to significant financial consequences, consumers hold an unrealistic optimism about these risks, believing themselves unlikely to be impacted by such issues (Cho et al., 2010). Social privacy failures on the other hand are seen as leading to near certain impacts to an individual’s standing within their social circles, consequences which may in the worst case scenario stay with them for the rest of their lives.

Social networking sites represent an environment where consumers are both more and less in control over their own self. Though a consumer may exercise a relatively high degree of power over their own self-presentation on their own social networking profile (Buffardi and Campbell 2008; Walther et al. 2008), their expectations that these sites represent a public venue constrains them into presenting a single profile that could be viewed by everyone, rather than be able to present customized profiles for different potential audiences (Burkell et al., 2014). Consumers also have little if any control over what other individuals both within and outside of their social circles might share about them and their activities (Belk, 2013; boyd, 2012). Though it’s hardly a new or unusual risk that something an individual shared in confidence with an other might be spread to others never intended to have the information, the nature of the internet and social networking sites today means that information can be widely dispersed at a pace significantly more rapid than would have previously been possible, imbuing this scenario with greater potential for harm (John, 2012).

Social Marketing for Privacy Protection
From an objectivist standpoint, inadequate privacy protection is a social problem creating harms which impact on the quality of life of consumers on a global scale. Industry stakeholders such as Facebook’s Mark Zuckerberg have argued against the idea of a social problem of privacy, asserting that consumers’ online disclosure behaviours demonstrate changing social norms with regards to privacy and disclosure. We would assert that this argument, based on the self-interests of these stakeholders, lacks credibility. Regardless of if consumers currently recognise the harm that is being done to them; or if social norms to the acceptability of the harm have changed; this does not change the simple fact that these issues are continuing to result in harm to consumers. Strong parallels exist between how consumers behave with respect to online self-disclosure and privacy issues, and their behaviours and attitudes towards other problem behaviours such as the consumption of tobacco or alcohol. Firstly, just as an individual's consumption of tobacco (Harakeh and Vollebergh, 2012) or alcohol (Dallas et al., 2014) can be influenced by the behaviour of those around them, so too are social influences a significant factor in consumers self-disclosure and privacy protection choices (Ellison et al., 2007; Steinfield et al., 2008). Similarly, just as consumers are
unrealistically optimistic about the degree of risk they face from smoking (Dillard et al., 2006; Weinstein et al., 2005) or from consuming alcohol (Dillard et al., 2009) users of social networking sites exhibit unrealistic optimism about their ability to control their information (Baek et al., 2014; Cho et al., 2010). Finally, the consequences of problematic self-disclosure and privacy behaviours are not restricted to just the person engaging in the behaviour, but may also influence and impact on those around them, in much the same way that an individual's smoking (Best, 2009) and alcohol consumption (Casswell et al., 2011; Navarro et al., 2011) behaviours can bring harm to others. The issue of unrealistic optimism in particular, both in the sense of consumers believing negative privacy outcomes to be less probable than they are, and in attributing more risk to others than they would to themselves in identical circumstances, poses one of the biggest challenges to be overcome if any positive change is to be achieved. If consumers do not accept that their online behaviours are putting them at risk – social or institutional – then behaviour change message about privacy protection and risky disclosure will not engage audiences in making changes to their privacy projection strategies. Similarly, there is also a need for social change decision makers to recognise the broader stakeholder picture with respect to privacy harms. In particular, decision makers must recognise the potential for harm to consumers from the disclosures made by others within their social networks, rather than acting from an over-simplified position characterizing privacy as purely a personal responsibility. To further understand the potential harms associated with consumers’ online self-disclosures, Table 1 below applies the harm-chain mechanism to the examine the potential negative outcomes at all stages of online information sharing, and to all stakeholders. Applying the harm chain continuum below we operationalize consumers’ decision-making using: Pre-sharing (activities and practices that influence decisions to share – individual, group & organisational levels); Co-creation (the process and exchanges between users and the social networking website – micro/meso/macro structural levels); Prosumption (Active consumer & organisational practices based on the deliberate sharing or withholding of consumer information) and Post-sharing (the active and social value lost through exchanges of digital information in social networking sites).

Table 1: The Privacy Harm Chain

<table>
<thead>
<tr>
<th>THOSE CAUSING HARM</th>
<th>PRE-SHARING</th>
<th>CO-CREATION</th>
<th>PROSUMPTION</th>
<th>POST-SHARING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Websites and online advertisers establish business models reliant on the ability to access, collect &amp; use consumers’ personal information.</td>
<td>Social networking websites are constructed so as to encourage disclosures &amp; increase feelings of peer pressure.</td>
<td>Individuals choosing to disclose personal information and social details both directly generate harm to themselves and others.</td>
<td>Consumer disclosures produce the potential for short-term and long-term consequences from the use of their disclosures by individuals &amp; organisations.</td>
<td></td>
</tr>
<tr>
<td>Consumers feel pressured to engage in online information disclosures by social norms which promote sharing</td>
<td>Consumers feel pressured by the social networking environment to engage in information self-disclosures.</td>
<td>Business model of social networking websites and online advertisers potentially threatened.</td>
<td>Consumers have their personal information disclosed by other social networking users.</td>
<td></td>
</tr>
</tbody>
</table>
Regulators limit the collection, storage & use of consumers’ personal information by organisations both with and without consent. Regulations controlling firms’ legal obligations for storage/use of data result in terms of use & privacy policies that average consumers find difficult to understand. Regulators restrict organisations’ ability to share the information they have collected with other parties both with and without consent. Requirements that notifications are given to consumers by organisations about how they will collect, use, store and share consumers’ information.

Stakeholders involved in privacy protection

Upstream influences on government and organisations are a potential avenue for mobilising social marketing process for privacy protection. If long term behavioural change is to be achieved, there is a need for change in the structural environment influencing corporate policy and regulation, and in the behaviour of decision makers and opinion formers (Gordon, 2013). Ultimately, this will require broad-based co-operation amongst stakeholder groups - public policy makers, consumer advocates, consumers and firms (see Table 2). As part of this process, we must keep in mind that the interests of any particular stakeholder should not be excluded simply on the basis that other interests are judged to supersede theirs (Polonsky et al., 2003). Any changes made to the structural environment will undoubtedly impact financially on online advertisers, and on the social networking sites that are reliant on them. By the same token however, these stakeholders cannot in any way expect to continue their role without change while their activities are actively harming the privacy of consumer stakeholders. While social networking has arguably become essential for many people around the world to conduct their everyday lives, a model of social networking needs to be found which does not require consumers to compromise their privacy just to use it.

Table 2: Online Disclosure Stakeholders and Goals of Privacy Protection Practices

<table>
<thead>
<tr>
<th>STAKEHOLDER</th>
<th>GOALS OF PRIVACY PRACTICES</th>
<th>END MILESTONE</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOCIAL NETWORK SITES</td>
<td>Reassure consumers that they can safely share information using their service</td>
<td>Increase revenues from advertising, etc, by maintaining or increasing consumer information sharing</td>
</tr>
<tr>
<td>PUBLIC POLICY MAKERS</td>
<td>Maximize the economic benefit from online social networking while balancing the interests of consumers, industry and the government</td>
<td>Increase national GDP</td>
</tr>
<tr>
<td>LAW ENFORCEMENT AGENCIES AND RELATED BODIES</td>
<td>Protect consumers against illegitimate use of personal information by organisations and individuals</td>
<td>Reduction of criminal activity (identity theft, fraud, stalking, etc)</td>
</tr>
<tr>
<td>Advertisers</td>
<td>Reduce consumer discomfort with targeted advertising</td>
<td>Increase sales and revenues</td>
</tr>
<tr>
<td>Consumer Advocates</td>
<td>Increase consumer literacy for privacy issues</td>
<td>Protect consumers against unwanted uses of personal information</td>
</tr>
<tr>
<td></td>
<td>Improve industry regulation</td>
<td></td>
</tr>
</tbody>
</table>
CONSUMERS

Protect themselves against social and institutional privacy failures

Discussion & Conclusion

Whilst some might consider social networking sites to be the most unlikely of partners in encouraging consumers to engage in safer disclosure practices, we suggest they can be an important collaborator in providing privacy solutions. After all, the profit models of these sites are built on the use of consumers’ personal information to deliver them targeted advertising (Edwards, 2013; Rapp et al., 2009). This business model exploits the highly detailed profiles of the tastes, habits and social networks of individuals that these sites are able to build through the analysis of consumers’ information self-disclosures (Newman, 2013). The very fact that this business model is so dependent on consumers being willing to make information disclosures implies it is in the social networking sites own self-interest to encourage consumers to engage in informed disclosure practices.

To date the practices of social networking sites demonstrate that they are less concerned with encouraging actual safer practices, and more with simply reassuring consumers that they can feel safe with their current disclosure and privacy protection strategies. This is evidenced in how organisations have handled issues of notice and consent regarding the use of consumers’ personal information. Despite it having been known for the better part of a decade that consumers have great difficulty understanding online privacy notices (Milne et al., 2006), even the most readable social networking site privacy policies remain above the reading level of the average adult (Meiselwitz, 2013). Consumers’ perceptions of how difficult privacy notices are to read may be discouraging many from even attempting to read them in the first place. We argue that social networking sites are yet to make sufficient effort in guiding and educate consumers’ to the point they are able to give informed consent for the use of their personal information. These issues are further compounded by the changes and updates social networking websites have made to their privacy policies, with many consumers lacking awareness of the changes when they occur, and having little understanding of how the changes might impact them personally. With recent research showing privacy policy readability is a significant factor in the formation of website trust, we suggest this should spur social networking sites to improve the readability and usability of these notices for consumers (Ermakova et al., 2014).

Another way in which social networking sites can positively contribute to privacy protection is through offering consumers direction and education about collaborative privacy boundary regulation (Lampinen et al., 2011). Current privacy tools offered by social networking sites have been created from the perspective of privacy protection as a personal responsibility. This approach however is completely ineffective in dealing with privacy issues related to information about an individual that is uploaded and posted to the social media site by another user. The adoption of easy to use processes which acknowledge a collective responsibility for privacy may be more effective in encouraging appropriate privacy behaviours. For example, Facebook has already developed sophisticated facial recognition technology (Taigman et al., 2014), which is used to identify individuals from the user’s friends who are present in uploaded photos. A collaborative approach might involve users being required to give their approval to be tagged as present in a photo, or for people outside of their own approved social networking friends to be able to view photos they are tagged in. We would expect that granting consumers this enhanced control over their own privacy will build personal levels of self-efficacy and confidence that their online disclosures will only be viewed by intended audiences. Given established links between perceived control and willingness to disclose
(Brandimarte et al., 2012), social networking sites would also be serving their own self-interests by implementing these approaches.

To date social marketers have not participated in discussions about consumers’ privacy protection behaviours in social media. In this paper we start the conversation to encourage other social marketers to consider what strategies and approaches are needed to prepare consumers’ for a digital era where personal artefacts – words, images, personal narratives and stories – are shared and retained in public domains for extensive periods, even a lifetime. Whilst Google and other providers are beginning to offer services to consumers to remove their personal information to comply with recent EU directives on the “right to be forgotten” (European Commission, 2014; Schwartz, 2013), what can social marketers do to educate and persuade consumers about the importance of protecting their personal artefacts in social media so that these external services are not required? Further micro-level studies are needed to explore and document consumers’ social privacy concerns and behaviours across media platforms; are there privacy differences across social media platforms? Additionally, social marketers need stakeholder studies that enable insight into the risky practices of organisations and government agencies that have important roles in privacy protection.

References


Adapting BCOS Marketing Factors to Young People’s Help-Seeking for Mental Health Issues: A Conceptual Paper

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Abstract
One in four young people in Australia will experience some form of mental disorder (Gulliver, Griffiths, & Christensen, 2012), and this results in considerable burden on the individual and society. It is estimated that in the years 2010-11 Australian governments spent 6.9 billion dollars on mental health (National Mental Health Report, 2013). Despite the prevalence of mental illness in young people help-seeking behaviours remain relatively low at 13% for young men, and 31% for young women (Ellis et al., 2013). It is then of great importance that mental illness is prevented, and that existing mental health problems are addressed by the individual through seeking help. Employing a social marketing lens, this paper aims to explore the utility of Andreasen’s (2004) BCOS factors in application to young people’s help-seeking behaviours. A conceptual model is proposed predicated on the BCOS factors and informed by the social marketing and mental health literature.

Keywords: mental health, social marketing, youth, help-seeking
Track: Social Marketing

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1.0 Introduction
The landscape of mental health prevention and treatment has evolved drastically over the last 20 years with substantial amounts of research and development conducted in the hopes of mitigating the individual, social and economic impacts of poor mental health. A key focus of this research has been on younger populations, given that 1 in 4 young people will experience a mental health disorder (Gulliver et al., 2012; Reavley & Jorm, 2011) and that suicide is the leading cause of death among young Australian’s (Leo & Heller, 2004; McNamara, 2013). Conducting research and implementing social marketing campaigns directed at young people is paramount in preventing the development and persistence of mental ill health throughout the life of an individual (Wilson, Bushnell, & Caputi, 2011).

In addition to this research, extensive resources have been devoted to creating accessible and affordable avenues of help that young people can turn to when confronted with mental health issues, drug and alcohol problems, and day to day stressors. These help-seeking avenues include face-to-face Headspace centres throughout the country, phone and online portals of self-help and immediate support including organisations such as Reachout, KidsHelpLine and Lifeline, and organisations devoted to reducing the stigma that often couples mental illness such as Beyondblue. Despite significant resources available to young people, it remains the case that many young Australian’s either delay seeking help, or do not seek help at all for mental health issues.
Just 13% of young men and 31% of young women seek help when experiencing a mental health issue (Ellis et al., 2013), leaving considerable work to be done in order to increase help-seeking behaviours in young Australian’s. The aetiology behind young people’s reluctance to seek help is complex, and often varies depending on the individual. For example, young men have been found less likely to seek help for mental health issues than their female counterparts due to hegemonic gender roles revolving around masculinity, and the desires to appear ‘tough’ (Vogel, Wester, & Larson, 2007) and portray a persona of independence and autonomy (Wilson & Deane, 2012). Rural populations often face geographical barriers to accessing mental health support (Handley et al., 2013), and Indigenous Australian’s experience compound factors that influence help-seeking behaviours such as shame, fear, intergenerational stigma and limited awareness of formal help-seeking sources (Price & Dalgeish, 2013). Many of these barriers of help-seeking behaviours have been the focus of attention at the intersection of social marketing and mental health research and practice, of which a brief overview will now be presented.

2.0 Social Marketing and Mental Health
Social marketing and mental health have worked closely together in reducing stigma surrounding mental illness, and on influencing the attitudes that society holds concerning mental illness. The two disciplines have also worked toward influencing behaviours of those suffering with mental illness. Nelson and Barbaro (1985) studied the ‘Fight the Stigma’ campaign conducted in the early 1980’s, which was implemented ‘to create a favourable impression toward the utilization of mental health services and programs among specific consumer groups’ (p. 89-90). Here the marketing principles of segmentation and conducting consumer research on target audiences were implemented to deliver a social message.

There is evidence of social marketing principles being applied to mental health programs in India (Tiwari, 1998) and Australia (Nicholas, 2010). Over the course of the last two decades however, some academics have questioned the efficacy and direction of social marketing and mental health research. There have been calls to pull the marketing of mental health ‘back to the basics’ of marketing principles (Lancaster, 1989), more recently, Rochlen and Hoyer (2005) raised concerns that ‘there is a paucity of theory and research directly addressing the topic of marketing mental health to men’ (p. 676) and that the majority of research conducted has been written from the perspective of psychologists and researchers, rather than the individual in need.

Despite these evaluations, social marketing brings unique methods and a wealth of research to the mental health field, and this has been duly recognised and highlighted (Thackeray, Keller, Heilbroner, & Dellinger, 2011). The following section aims to illustrate how Andreasen’s BCOS factors (Benefit, Cost, Other and Self) of social marketing (Andreasen, 2004) can be adapted to construct a model of young people’s help-seeking behaviour, based on research from mental health literature.

3.0 BCOS Factors Applied to Young People’s Help-Seeking Behaviours
In a review of the literature Andreasen (2004) proposed four factors that drive an individual to change their behaviour, these were called the Benefit Cost Other Self (BCOS) factors. The first factor described was ‘benefit’, or how will changing one’s behaviour benefit the individual. The second, ‘cost’, refers to what the individual may feel are the detrimental effects of changing one’s behaviour. The third factor proposed was ‘others’, the influence of ‘interpersonal social pressures’ (p. 67). Finally, ‘self’ was advanced as the belief in one’s ability to effect behaviour change.
It is important to note that the original context in which Andreasen applied the BCOS factors was with mental health practitioners, with the aim of influencing the uptake of new ‘best practice’ treatments. In the present adaptation, the BCOS factors are used to guide a theoretical construction of a model of young people’s help-seeking behaviours. Thus, the model is guided by the BCOS factors, but informed by the mental health literature and as such the operationalisation of the factors (namely, the ‘self’) should be seen as distinct from the original application. This allows for an extension of recent theoretical work in youth help-seeking literature to be tested under alternative methodological conditions.

3.1 Benefit
One of the prevailing ideas in research on behaviour change has been the assertion that attitudes play a significant role in an individual’s decision to enact behaviour. This is illustrated in the work on the Theory of Reasoned Action (Ajzen & Fishbein, 1973) and the Theory of Planned Behavior (Ajzen, 1991). In a youth mental health context, attitudes toward seeking help are seen as important facets of the ultimate decision to seek help for a mental health issue (Gulliver et al., 2012; Vogel, Wester, et al., 2007; Wilson et al., 2011). Of particular importance is an individual’s need to feel that seeking help will be of benefit and will effectively address their mental health concerns (Yap & Jorm, 2012). Therefore, the benefit that a young person feels they will derive from seeking help is important in their decision to enact such behaviour.

3.2 Cost
Equally important are the costs that the individual may associate with the behaviour of seeking help. Andreasen (2004) asserts that a ‘trade-off-or exchange-between benefits and costs’ (p. 66) must be made during the decision making process. This is no different in the context of help-seeking behaviours. One of the major identified costs perceived to link with the behaviour of seeking help are associated feelings of stigma (Eisenberg, Downs, Golberstein, & Zivin, 2009; Gulliver et al., 2012; Rickwood, Deane, Wilson, & Ciarrochi, 2005). Stigma may present in the form of personal stigma (how the individual themselves views mental illness), or perceived stigma, which refers to the individual’s ‘perception of what other people think and feel about depression’ (Calear, Griffiths, & Christensen, 2011, p. 104).

In light of the proposed model focusing specifically on help-seeking behaviours, cost is represented as the stigma toward seeking help, in other words, the stigma an individual may feel as a result of actively seeking help for a mental health issue. Research supports the influence of help seeking stigma on help seeking intentions (Tucker et al., 2013), with recent findings suggesting that significantly more variance is explained in help seeking intentions by stigma of help seeking than stigma of mental illness (Tucker et al., 2013).

3.3 Other
The role of the ‘other’ in an individual’s decision to seek help has been found to be a key aspect of help-seeking behaviours. It is important to note that informal support sources (friends, family members) are often the first point of contact for a young person suffering a mental health problem (Rickwood et al., 2005; Yap & Jorm, 2012; Yap, Reavley, & Jorm, 2012), thus the help provided by informal sources is both important and seen as influential on connecting the young person to formal mental health services. The importance of social influence on help seeking behaviours (that of friends and family or other significant persons) has been evidenced in research by Vogel, Wade, Wester, Larson, and Hackler (2007), with authors finding that those who were (a) prompted to seek help by someone they knew, and (b)
knew someone who had sought help prior, were likely to seek help themselves. Australian research supports these findings, Wahlin and Deane (2012) found that parents play an important role in young people accessing formal mental health services.

3.4 Self
The final factor to be considered is the ‘self’. While in Andreasen’s original formation of the BCOS factors the self referred to the belief an individual has in their ability to perform a specific behaviour, in the context applied in the proposed model of help-seeking the self will refer to specific characteristics of the individual in question. The model incorporates two individual or ‘self’ characteristics, the first being the severity at which the individual is suffering from mental illness, and the second, the way in which the individual attributes causes to symptoms, otherwise known as their attribution style.

The very presence of mental illness can affect whether an individual will actively seek help or not. Research suggests that the more severe an individual’s mental health state may be, the less likely they are to seek help (Deane, Wilson, & Ciarrochi, 2001). This is referred to as the ‘help-negation effect’ and has been a key focus in young people’s mental health research over the last decade (Rickwood, Deane, & Wilson, 2007; Wilson & Deane, 2010; Wilson, Deane, & Ciarrochi, 2005).

The second characteristic of the self to be included in the proposed model is the attribution style of the individual in question. Research conducted by Biddle, Donovan, Sharp, and Gunnell (2007) found that young people would normalise increasingly severe symptoms of mental illness to avoid the prospect of seeking help. The process of normalising increasing distress is a double edged sword, whereby it prevents the individual from seeking help, but has also been found to make it difficult for clinicians to accurately diagnose mental illness (Kessler, Lloyd, Lewis, Gray, & Heath, 1999). Similar studies have found a tendency for young people to normalise symptoms of mental illness to the detriment of them seeking help (McCann, Lubman, & Clark, 2012; Thompson, Issikadis, & Hunt, 2008). However, it has been identified that more work is needed to better understand how symptom interpretation and normalising relates to other mediators of help-seeking behaviours (Wright, Jorm, & Mackinnon, 2012). The proposed conceptual model of young people’s help-seeking behaviour can be found below.
Figure 1 Conceptual model of help-seeking intentions

4.0 Conclusion
The current push for transformative marketing of late highlights the need for collaboration in the field of social marketing (Lefebvre, 2012; Peattie, Peattie, & Thomas, 2012), and the cross disciplinary work between social marketers and mental health research reflects this. Communicating en masse (via new digital means) the benefits of seeking help, reducing the perceived costs of seeking help (stigma), mobilising young people via social media to drive help seeking behaviours in their peers and focusing on the individual characteristics that might hinder seeking help are key concepts put forth via this conceptual model, adapted from Andreasen’s BCOS factors for young people’s help seeking behaviours. The proposed model also aims to explore further recent theoretical concepts put forth in youth help-seeking research, namely the tendency for young people to normalise increasingly severe symptoms of mental illness. This research hopes to extend this concept into a mixed methods research approach, building on the existing qualitative research undertaken. It is hoped that as this model is explored further, practical implications can be uncovered for future social marketing endeavours in the field of youth mental health, with the hope of mitigating the enormous economic, social and individual impact of mental health.

References


Practitioner Insights into the Dimensions of Religion in Mass Media Social Marketing Campaigns

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Abstract
This paper explores mass media social marketing practitioner insights of where the dimensions of religion taxonomy and mass media social marketing campaigns intersect. Using an interpretive paradigm, in-depth interviews were conducted with five expert mass media social marketing practitioners in Australia. The data was analysed qualitatively, and three themes emerged from the results: (1) The dimensions of religion taxonomy does have application in mass media social marketing campaigns; (2) participants employed the dimensions of religion with care to avoid negative effects on the target audience and (3) while social marketing campaigns use ‘preaching’ as a communication medium, it tends not to be deliberately linked to religious practices.

Keywords: religion, social marketing, in-depth interviews, qualitative research
Track: Social marketing

1.0 Introduction
Both the dimensions of religion and mass media social marketing campaigns have received and continue to receive growing attention in the literature. As argued in an earlier paper (Van Esch and Van Esch, 2013), an abstract search of the EBSCO Business Source Premier database for the terms ‘dimensions of religion’ and ‘mass media social marketing campaigns’ from 1960 to 2010 shows that literature related to the combination of both concepts is growing steadily, albeit off a low base. This paper briefly recaps both parent bodies of literature, identifies gaps and presents the objective of a broader research program. A study related to one part of the program is presented in this paper, which describes the method, presents the results and draws conclusions.

2.0 Theoretical foundations
2.1 Mass media social marketing
Kotler and Zaltman (1971) first coined the term ‘social marketing’ as a reference to the application of marketing as a solution to social and health problems. French et al., (2010) recognised that the social marketing discipline derives from two distinct movements – marketing and social sciences. Both are concerned with how best to influence people’s behaviour. The theory of social marketing (Hornik and Yanovitsk, 2003) proposed that behaviour change through a series of linear steps is the outcome of an effective social marketing campaign. A change in behaviour begins with acquiring knowledge about the costs and benefits to perform the desired behaviour; next a change in beliefs is followed by an intention to act. Behavioural intentions eventually translate into actual behaviour. An assumption of the linear model is that individuals receive information passively and make choices freely based on the information provided.

A number of theories relate to social marketing: (1) Theories explaining social persuasion include the elaboration-likelihood model, which holds that attitudes are changed via two routes of persuasion – central and peripheral (Petty and Cacioppo, 1986). (2) Theories of behaviour change include the theory of reasoned action (Fishbein and Ajzen, 1974), protection motivation theory (Rogers, 1975), health belief model (Rosenstock, 1977), theory
Theories explaining the process of behaviour change include the theory of self-regulation (Carver and Scheier, 1981) and the trans-theoretical model of change (Prochaska and DiClemente, 1983).

Social marketing campaign messages can be delivered through multiple channels or activities, which may include mass media (Wundersitz, 2011). Mass media include audio-visual media (e.g. television, cinema), printed media (e.g. newspapers), interpersonal communication (e.g. lectures) and electronic (e.g. emails, websites) (Delhomme et al., 2009). As a means of promoting attitude and behaviour change to improve public health, mass media campaigns have been used extensively. Campaigns include smoking cessation (McPhee et al., 1995), promoting safer road use (Woolley et al., 2001), health service utilisation (Grillie et al., 2002) and encouraging participation in physical activity (Cavill & Bauman, 2004). Such mass media campaigns target the population as a whole, with benefits providing social support for behaviour change and the potential altering of attitudes and/or knowledge of a large proportion of the population (Redman et al., 1990).

2.2 Religion and its dimensions
Fam, Waller and Erdogan (2002) continue to argue that “In a constantly changing and increasingly globalized world, religion still plays a significant role in influencing consumer behaviour”. Religious beliefs play a significant part in sculpting social behaviour with 74% of Australia’s population reported having a religious affiliation (ABS, 2004; 2006), 77% of Britain’s population reported belonging to a religion (ONS, 2001) whilst 79.9% of America’s population indicated they had a religious identification (Kosmin and Keysar, 2008). According to Hirschman (1983), religious affiliations help shape attitudes towards dancing, magazines, restaurants, political ideas and tend to influence the way people live, the choices they make, what they eat and whom they associate with. While the content of such religious beliefs and affiliations may vary from one religion to another, their constructs and underlying themes may be conceptualised using the seven dimensions of religion taxonomy (Smart, 1996). Table 1 summarises the dimensions of religion and its identifiers.

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Identifiers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Practical and</td>
<td>Practices and rituals of different traditions and cultures, preaching, prayers,</td>
</tr>
<tr>
<td>ritual</td>
<td>ceremonies, meditation, worship, spiritual awareness, ethical insight,</td>
</tr>
<tr>
<td></td>
<td>communities re-enacting their myths and stories to confirm and express beliefs through action.</td>
</tr>
<tr>
<td>Experiential</td>
<td>Evoking religious feelings, direct experiences of the divine, visions,</td>
</tr>
<tr>
<td>and</td>
<td>enlightenment, security, comfort, awe, inexplicable presence, mystery,</td>
</tr>
<tr>
<td>emotional</td>
<td>ecstasy, dread, guilt, awe, devotion, liberation, inner peace, bliss, assurance of survival, brilliant emptiness, an expanded sense of identity, accumulation of religious knowledge and experiences and unconscious, super-conscious and/or neurologically induced events of a higher reality.</td>
</tr>
<tr>
<td>Narrative or</td>
<td>Myths or sacred stories, systematic or complete interpretation of god(s), the</td>
</tr>
<tr>
<td>mythic</td>
<td>nature of humans and their place in the universe, historical accounts,</td>
</tr>
<tr>
<td></td>
<td>hagiography, oral traditions, authority from the divine.</td>
</tr>
<tr>
<td>Doctrinal and</td>
<td>Doctrines, systematic formulation of religious teachings and beliefs, sacred</td>
</tr>
<tr>
<td>philosophical</td>
<td>texts, the nature of divinity, ultimate reality, the relationship of humans to an ultimate, real, divinity. Religious narrate, reflection, structured beliefs beyond the symbolic aspect of myths, faith, and values of a tradition, worldly views</td>
</tr>
</tbody>
</table>

Table 1: Dimensions of religion and their identifiers
and salvation.

**Ethical and legal**  Laws, rules, guidelines or behavioural precepts for conduct according to which the community, employees, employers, consumers, producers and citizens at every level of existence judge a person, conformity, a supernatural realm and higher being of a particular faith.

**Social and institutional**  Tradition, belief system, social organisation, shared and implied attitudes practiced by individuals or the group, community membership, participation in public, exemplary individuals, buildings, works of art, cities, symbols, idols, other creations and places of worship, formally organised, a sense of normative values, group bonding, functioning society and a community to live in.

**The material**  Ordinary objects or places that symbolise or manifest in material form that help connect the believer to the sacred, supernatural or the divine, religious artefacts, religious capital, sacred objects, sacred tourism, pilgrimage and sacred areas and/or places.

Source: Adapted from Smart, 1996.

### 2.3 The intersect between social marketing and religion

The possible link between mass media social marketing campaigns and the dimensions of religion merits investigation, as this could be one technique to reach people (a targeted social audience) on a large scale. While a substantial body of work is available for both concepts, there is limited, literature on this intersect. Hence, it is unclear whether and how the dimensions of religion are used in mass media social marketing campaigns. We are also unsure if social marketing practitioners can identify and accept the link between the dimensions of religion and social marketing and their willingness to apply the dimensions of religion to mass media social marketing campaigns. Given these gaps in knowledge, the objective of the research program was to explore through in-depth interviews with social marketing practitioners the use of the dimensions of religion. The program involved analysis and review of mass media social marketing campaigns in child abuse, health, skin cancer and smoking. Selected results have been reported elsewhere (e.g. Van Esch et al. 2013; Van Esch et al. 2014). This paper is concerned with that part of the program related to the research question: *Do the seven dimensions of religion taxonomy have application in mass media social marketing campaigns?*

### 3.0 Methodology

#### 3.1 An interpretive approach

The two central paradigms in social science research are known as the positivist and the interpretive approaches (Perry, 1995: 22; Veal 2005: 24). The exploratory nature of the stated research objective fits with the intentions, philosophy and strategies of the interpretive research paradigm and is based on the epistemology of idealism. Higgs (2001) defines idealism as “a social construction encompassing a number of research approaches, which have a central goal of seeking to interpret the social world”. Crotty (1998) suggests that within the interpretive paradigm, human beings construct meanings in unique ways, which are dependent on context, experiences and frames of reference of the world they are trying to interpret. With this type of research, Creswell (1998) suggests that as findings emerge due to the interactions between the researcher and the participants (i.e. social marketing practitioners); the research also progresses because subjectivity is valued (Bhattacherjee, 2012). This acknowledges that the research participants are human and incapable of total objectivity because their reality is constructed by subjective experiences within certain situations. Therefore, the values held by the researcher, the questions asked of the participants
and the generated and interpreted findings all allow the research to be value-bound. Sense making, rather than explaining or predicting, must be the emphasis in order to understand the experience. For researchers using qualitative analysis, it is imperative to have a creative, ethical investigative and participant-in-context attitude (Miles and Huberman, 1984).

Given its potential to generate new understandings of religion in social marketing and to obtain practical knowledge that is embedded in the world of human interaction and meanings, the interpretive paradigm was deemed the most suitable for this research. It is informed by the work of Denzin and Lincoln (1994; 2000). Particular advantages of qualitative research include (1) a humanistic and inherently literary focus, which generally starts from and returns to words (Denzin and Lincoln, 2000); (2) providing robust insights from actions that have occurred in a real-life context and preserving the intended meaning which forms an understanding of underlying social processes and meaning in a business/management environment (Van Mannen, 1998).

3.2 In-depth interviewing
Data to inform the research question was collected through in-depth interviewing. In-depth interviews permit the exploration of experiences, ideas, perspectives, views of a small number of respondents. The target respondents of the research were informed experts possessing knowledge of mass media social marketing campaigns and the dimensions of religion. Typically, the sample size for in-depth interviews is between one and ten subjects (Creswell, 1998: 122). However, following the principle of saturation, Jette, Grover and Kech (2003) argue that expertise in a chosen topic can reduce the number of participants needed in a study. Because of the short sampling frame, a mix of purposive and referral sampling was used. Target participants were identified from government and private agencies, who specialise in the design, creation and evaluation of mass media social marketing campaigns. Five eligible mass media social marketers participated in the in-depth interviews.

To bolster the analysis and findings of the textual analysis founded in Van Esch et al., (2014), and to further distil any emerging themes from the data in order to draw meaningful conclusions, the in-depth interviews were guided by eight questions presented in Table 2.

Table 7: In-depth interview questions

<table>
<thead>
<tr>
<th>Question</th>
<th>Does the dimensions of religion taxonomy have application in mass media social marketing campaigns?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Question 2</td>
<td>The campaigns often use a preaching context; do you think this is related to religious practices?</td>
</tr>
<tr>
<td>Question 3</td>
<td>Is a preaching context an appropriate driver for mass voluntary behaviour change?</td>
</tr>
<tr>
<td>Question 4</td>
<td>Some campaigns utilise a theme of Assurance of Salvation without using explicit religious language; do you think the campaign would benefit or suffer from the use of religious language?</td>
</tr>
<tr>
<td>Question 5</td>
<td>Is an Assurance of Salvation theme an appropriate driver for mass voluntary behaviour change?</td>
</tr>
<tr>
<td>Question 6</td>
<td>Whilst five of the seven dimensions were evident, many of the identifiers were not; would the increased use of the identifiers in an implicit and/or explicit way reinforce a campaign message?</td>
</tr>
<tr>
<td>Question 7</td>
<td>Two dimensions that are explicit in religious content were not evident in the campaigns; would this represent a deliberate extent to mitigate the use of Religion in mass media social marketing campaigns?</td>
</tr>
</tbody>
</table>
The two non-evident dimensions: The Material and Narrative or Mythic, do they or their identifiers have application within mass media social marketing campaigns?

Source: Van Esch et al., 2014

The in-depth interviews for this study were conducted one-on-one and either face-to-face or face-to-face through an electronic medium (e.g. Skype). In terms of formality and structure, each interview was flexible in its approach. This meant that an in-formal approach was adopted in the delivery. During the interview, questions were either omitted or used in a different order depending on the direction of the dialogue. Probes were at the discretion of the interviewer. The interviewer answered questions and made clarifications. The style of language was adjusted when necessary, and the wording of questions was flexible. The data collected was rich, due to the high level of personal interest and response to the research from the interviewees. Even though the topics were covered in a different order and in different ways during the different interviews, this allowed each interview to become a story in its own right. The unique nature and structure of each story helped guide the research propositions. The interviews were recorded with participant consent. This allowed for the ability to produce complete verbatim transcripts of interviews.

### 4.0 Results and discussion

#### 4.1 Interview results and discussion

A qualitative analysis of the participants’ responses indicates that the dimensions of religion do have application in mass media social marketing campaigns. However, as demonstrated in the following quotes, participants appear to be committed to specific dimensions, rather than to the full suite of seven dimensions of religion: “Yes, specifically symbols or myths that are used as subliminal stimuli portraying an experience that can influence the betterment of the campaigns target audience” (Participant 1). “Yes, provided that it is in context within today’s reality. The campaigns that use preaching generally are connected to a patriarchal figure (Participant 2). “Rituals and especially the social and institutional aspect; which are very important factors when planning campaigns. Not only are religious themes important but more so their integration with technology and how that links with the audience” (Participant 4). “The ‘doctrinal and philosophical’ and especially the ‘practical and ritual’ dimensions are expected in campaigns. The Narrative or mythic assists with campaigns focused on driving social responsibility on a broader scale” (Participant 5).

Further, as indicated in the following quotes, participants expressed hesitation or caution to their use of certain religious dimensions to ensure that there was not a negative effect on the target audience: “The campaigns that use preaching generally are connected to a patriarchal figure. This may have a good influence on some people, but; this is only one sided. On the other side, the context of messages or visualisation of the patriarch may anger some audience members. Therefore, plenty of consideration must be given to such a dynamic during the planning phase of the campaign” (Participant 2). “It is a balance because too much emphasis incorporating religious vocabulary or religious direction may damage the campaign message and ultimately anger or put the target audience offside” (Participant 5). “From a modern view, it is very sensitive. They would need to be very flexible and be able to fit with the different non-religious values that people align to. I think that they should never be used within a campaign to bring about a bad reaction in people or cause aggression, as this would be detrimental to the success of the campaign and potentially to a society that is united by religion” (Participant 3).
When asked if a preaching context in social marketing campaigns was related to religious practices, the respondents indicated that this was not so. As suggested in the following key quotes, ‘preaching’ is not considered as a campaign communication technique; rather the focus is on the call to action which can be achieved through different mediums: *I think it may also be seen as lecturing but I can’t say that the success of the campaign depends on a preaching context. In terms of marketing, a preaching context is not necessarily or deliberately linked to any religious practices*” (Participant 1). “Preaching can incite some kind of fears in the human psyche. The preaching may use an apathetical vocabulary and therefore I don’t think that this is related to religious practices. If it is, I think it must be a coincidence” (Participant 2). “It may be some kind of call to action but for me it’s not preaching” (Participant 3). “In general there is some kind of calling, but I don’t know how much it can be attributed to preaching. Maybe theoretically it has religious dependence”. (Participant 4). “Preaching may be used as a call to action when you are explaining what is good and what is not. When using preaching in social marketing, the characteristics of the dimensions of religion may instil loyalty towards the desired behaviour change over time; this would need to be tested” (Participant 5).

4.2 Tree map analysis

The interview transcripts were also subjected to a tree map analysis of the seven dimensions of religion and the identifiers within them (Table 3). Five of the seven dimensions of religion appear in the tree map analysis. The results from the tree map analysis indicate the dimension’s significance and that of the identifiers within it. The most significant dimensions and identifiers are (1) Social and institutional (exemplary individuals, participation in public, group bonding and community membership); (2) Practical and ritual (preaching, ceremonies, re-enactment of myths and stories and ethical insight) and (3) Doctrinal and philosophical (religious narrative). Religious dimensions and identifiers of medium significance are (1) Experiential and emotional (assurance of salvation, evoking religious feelings and comfort); (2) Ethical and legal (guidelines, rules and judgement of a person). The Material (religious artefacts) was a low ranking religious dimension. The final dimensions, which did not appear in the results –Narrative and mythic – appears to be of lowest significance.

<table>
<thead>
<tr>
<th>Nodes: Dimension/Identifier</th>
<th>Coding references</th>
<th>Items coded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social and Institutional\Exemplary individuals</td>
<td>48</td>
<td>19</td>
</tr>
<tr>
<td>Practical and Ritual\Preaching</td>
<td>45</td>
<td>19</td>
</tr>
<tr>
<td>Doctrinal and Philosophical\Religious narrative</td>
<td>41</td>
<td>16</td>
</tr>
<tr>
<td>Experiential and Emotional\Assurance of salvation</td>
<td>33</td>
<td>17</td>
</tr>
<tr>
<td>Practical and Ritual\Ceremonies</td>
<td>21</td>
<td>9</td>
</tr>
<tr>
<td>Experiential and Emotional\Evoking religious feelings</td>
<td>16</td>
<td>4</td>
</tr>
<tr>
<td>Experiential and Emotional\Comfort</td>
<td>13</td>
<td>7</td>
</tr>
<tr>
<td>Ethical and Legal\Guidelines</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>Social and Institutional\Participation in public</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Social and Institutional\Group bonding</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Social and Institutional\Community membership</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Practical and Ritual\Re-enactment of myths and stories</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Ethical and Legal\Rules</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Doctrinal and Philosophical\Symbolic aspect of myths</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Ethical and Legal\Judgment of a person</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Practical and Ritual\Ethical insight</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>The Material\Religious artefacts</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>
5.0 Conclusion
This research explored five practitioners’ views on where the dimensions of religion and mass media social marketing campaigns intersect. Several key themes emerge from the results.

Firstly, the dimensions of religion taxonomy does have application in mass media social marketing campaigns. The three most significant dimensions are social and institutional, practical and ritual and doctrinal and philosophical. This theme contributes to an advance in current knowledge.

Secondly, participants employed the dimensions of religion with care to avoid a negative effect on the target audience. This is a deliberate intent to mitigate the use of religion in mass media social marketing campaigns. Hence, explicit religion or religious application within a social marketing campaign is considered risky by practitioners. This theme contributes to an addition in current knowledge.

Thirdly, while social marketing campaigns use ‘preaching’, it tends not to be deliberately linked to religious practices. This theme confirms current knowledge. As with most research, this study is limited in a number of ways. In particular, the sample of expert mass media social marketing campaign practitioners is relatively small (Creswell, 1998: 122). This means that the emerging findings from the qualitative analysis require further exploration and validation. In future research the scale of this study might be expanded to more recent social marketing campaigns and, where possible, replicated a number of times before any further implications and conclusions can be made (Remenyi, et al., 1998: 36).

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Creating Shared Value (CSV) – The Case of Israel and Implications for Australia

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Abstract

Porter and Kramer claim that the creation of shared value (CSV) is a preferred strategy to corporate social responsibility (CSR) because it is integrated into the operational and strategic direction of the organisation. In this paper we reframe their approach to CSV not as an all-encompassing strategy but as an operational but important component of the macro-marketing systems in which both CSR and CSV are implemented. We demonstrate examples of the implementation of CSV in Israel where both not-for-profit and profit-seeking organisations have facilitated the terra forming and development of the Negev desert and other parts of Israel into fertile agricultural land where living desert conditions were previously hostile for plant and animal life. The implications of the Israel experience for the development of rural communities in Australia are explored.

Keywords: Creating Shared Value, Corporate Social Responsibility, Value Creation, Israel

Track: Social Marketing

1.0 Introduction

Organisations pursuing discretionary practices which exceed their regulatory obligations for the betterment of their stakeholders and/or society through strategies such as corporate social responsibility (CSR) are widely practiced by the Fortune 500 companies (Homburg, Stierl, and Bornemann, 2013) and organisations in Australia and other developed countries. Recent scholarly work however, suggests that such CSR approaches whilst valuable often lack strategic focus, are not integrated into the marketing systems framework (Layton, 2009) of the organisation and do not lead to joint value creation.

Porter and Kramer (2011, and their work beginning with non-profit sector in 1999) move the debate forward by proposing the concept of creating shared value (CSV) as a more desirable organisational and strategic goal than discretionary CSR initiatives. Given the newness of the CSV concept it is understandable that there is a lack of empirical research into the implementation of CSV (Maltz & Schein, 2012). Therefore, this paper seeks to build on the work of Porter and Kramer (2011) and Layton (2009) by way of a case study demonstrating how CSV and the marketing systems approach have enhanced both the growth and quality of life in Israel. We then take this experience and consider their implications for growth and quality of life in the Australian context.

2.0 Foundations of CSV

2.1 Theories underlying CSV

CSV is defined “as policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates” (Porter & Kramer, 2011, p66). CSV focuses on the net benefits created after deducting relevant costs. The underlying foundations of CSV incorporate those of CSR but in addition provide a framework for linking organisational economic and social goals. For example, both CSR and CSV can be justified as resource investments (i.e. the resource based view) which embed themselves in a market’s products and services thus facilitating competitive advantage (Hart 1995; McWilliams et al. 2001).
The application of stakeholder theory is a necessary component of CSV (and CSR) because it shows that satisfaction of the needs of an organisation’s constituents (e.g. employees, customers, suppliers, local community organizations) are vital to the successful achievement of organisational outcomes (Freeman 1984). The rise of stakeholder theories can be attributed to many factors but particularly increases in market and technological complexity over recent decades which have resulted in increased organisational interdependence. Therefore, organisations’ now need greater access to a wider range of resources, including competencies and skills, capital, customers, employees, materials for the necessary conduct of on-going business (McDonnell & Bartlett 2009). Such organisational interdependencies have created a form of social contract and legitimacy between the stakeholders that allows the organisation to continue its operations (Deegan 2002).

Stewardship theory (Donaldson and Davis, 1991) is also likely to be an important determinant of CSV because it incorporates the “idea that there is a moral imperative for managers to ‘do the right thing…’ to be a good steward of the corporate assets” (Donaldson and Davis, 1991, p51). Without such a moral imperative one would expect the achievement of the outcomes expected of CSV to be difficult.

CSV is a mechanism for the simultaneously achievement of both economic and social goals however; it cannot by itself achieve its goals. Whilst the CSV concept acknowledges the enabling role of government “regulations that enhance shared value, set goals, and stimulate innovation.”(Porter & Kramer 2011, p74) it fails to adequately consider the interdependence of a wide range of other actors whose activities that could either enable or constrain CSV activities. These interdependencies include institutional factors, (systems of rules, beliefs, norms and organizations (Grief (2006, xv)) marketing systems and the environmental context in which it operates including economic institutions (e.g. property rights, political, legal, and social structures), geographic (e.g. climate, ecology) and demographic factors (e.g. age, gender, socio-economic status) which shape organisational behavioural responses to CSV initiatives (Layton 2009). Thus, there is a need for an over-arching macro marketing model which incorporates CSV. In this paper we build on the work by Layton (2009) and show how such a macro-marketing systems and CSV model can be adapted and applied to understand the development of communities in the Negev desert.

2.2 A macro-marketing-systems approach
As shown in Figure 1, Layton (2009) foreshadowed the link between the concept of CSV and its integration with a macro-marketing systems approach when he defined a marketing system as “a network of individuals, groups and/or entities; embedded in a social matrix; linked directly or indirectly through sequential or shared participation in voluntary exchange of value; which jointly creates, assembles, transforms, and makes available; assortments of products, services, experiences, and ideas; provided in response to customer demand”(Layton 2009, p354). Such a macro focused approach implicitly emphasises that a CSV action strategy cannot be successfully implemented without understanding that the local marketing systems, culture, innovation and entrepreneurship and the general environmental context in which the CSV is planned are interdependent. The recognition of these marketing systems interdependences means that the actors who implement any CSV initiatives are likely to be better able to customise CSV responses within the context of the situational environmental settings including geographic regions or locations (e.g. Israel, Negev desert, regional Australia).
In Layton’s (2009) macro-marketing systems approach culture is identified as having an important direct impact on the social matrix. Given the focus of this paper we note his citing of religious beliefs including Islamic communities and for the purposes of this paper Israeli communities and the opening of remote aboriginal communities as examples where changes in culture can influence the day-to-day behaviors found in the marketplace” (Layton, 2009, p 359). Thus, any CSV initiative should consider the enabling or constraining impact of culture.

Layton (2009) also identified innovation and entrepreneurship as a critical component of any marketing system and their direct impact on the social matrix because they can generate both public and private benefits through the creation of new knowledge Romer (1986). He echoed Schumpeter’s (1934) position that “innovation was far more than simply invention and required an act of will and risk taking if it were to take place”. (Layton, 2009, p358). In the case of Israel it is this act of will and risk taking which is particularly striking. Whilst, innovation lays at the heart of CSV implementation Porter and Kramer (2011) ignore the potential difficulties and barriers to its successful implementation including the misalignment of actor goals, failure to understand the implicit and explicit risks involved or motivations inherent in any CSV activity.

The outcome of any CSV initiative is its impact on both growth and the quality of life. Layton (2009) considers that issues of distributive justice, or equity, should be considered in relation to quality of life (i.e. note that he specifically mentions product and service access for remote aboriginal communities). Crane, Palazzo, Spence, and Matten (2014) however, have launched a scathing attack on the contribution of CSV. For example, they argue that CSV fails to “deal adequately with trade-offs between economic and social value creation and with any negative impacts on stakeholders” (Crane et al. 2014, p136); it fails to adequately acknowledge the extant literature, particularly in relation to the development of CSR principles; it fails to adequately address the complexities of value chains; it takes a myopic view of re-conceiving new products and argues that “Porter and Kramer’s approach is to cherry-pick shared value success stories in new markets with little regard for the negative impacts of companies’ core products and markets” Crane et al. 2014, p138). Whilst, these criticisms are valid, Porter and Kramer do focus our attention to some specific activities which managers can address in the pursuit of both economic and social benefits.

![Figure 1 Marketing Systems and CSV Strategies, Adapted from Layton, (2009).](image)

**3.0 The Scope of CSV**
Porter and Kramer (2011) claimed that the deficiencies of CSR can be overcome by providing a framework in which both economic and social goals can be simultaneously pursued to stimulate both growth and the quality of life. They presented an action based framework which included product and market reconception, value chain reconfiguration and local cluster development. This framework is described below:

- **Reconceiving products and markets by taking into account society needs and benefits** where Companies can meet social needs by developing innovative products and services that better serve existing markets or allow access to new ones.

- **Redefining productivity in the value chain so as to reduce organisational internal costs through improvement to product quality, waste and material cost reduction, improvement in production processes, and distribution systems, while simultaneously acting as a steward for essential natural resources and driving economic and social development.**

- **Enabling local cluster development—clusters are geographic concentrations of interconnected businesses, suppliers, and associated institutions in a particular field. Clusters increase the productivity and competitiveness of companies and as such, are a critical aspect of business strategy.**

From an overall perspective a key facilitator of CSV and its outcomes of growth and quality of life and therefore competitive advantage, is an innovative culture comprising all aspects of the marketing system in which the organisation operates including new product development, distribution channel innovation and management approaches. However, as we noted previously a CSV action strategy implementation is contingent upon an understanding of the interdependence of the elements of local marketing systems, culture, innovation and entrepreneurship and the general environmental context in which the CSV is planned.

### 4.0 Creating Shared Value – Israel Case Study

In June 2014 the author participated as a delegate in the annual mission to Israel which was conducted from 9-22 June. The aim of the mission was to increase the delegates’ knowledge of KKL-JNF’s water, farming, afforestation and educational activities throughout the country. Through the use of observation, attendance at lectures, access to secondary data and the like the author identifies some of the underlying themes to the application of CSV within a marketing systems context. For detailed information about the itinerary of the JNF Australian mission to Israel in June 2014 watch the video (JNF 2014).

This section presents some of the highlights in relation to CSV being practiced in Israel and considers the relationship between CSV and a marketing systems approach. First, we consider the context in which CSV is practised. That is, geographically, Israel occupies a relatively small 20,770 square kilometres and is surrounded by Lebanon, Jordan, Egypt and Syria. It has a GDP (2013) of $US 273 billion and a relatively high GDP per capita of $US 36,200. Its current population is 8.15 million, comprising 6.1 million Jews and 1.69 million Arabs. The arable land component represents only 13.68 percent of the total land area (CIA, 2014). The Negev (2010) desert of where one can find a significant number of CSV related projects is populated by approximately 630,000 people or 8.2% of Israel’s population (75% Jewish and 25% Bedouin) but comprises 55% of the country’s landmass (Wikipedia – Negev, 2014).

Second, we consider the pivotal role of Keren Kayemeth LeIsrael–Jewish National Fund (KKL-JNF) and the company’s involvement in CSV related projects and the Zionist nationalist movement. Since its establishment in 1901, KKL-JNF has developed the land of Israel, strengthening the bond between the Jewish people and its homeland (KKL (a), 2014). “Based on a Covenant with the Government of Israel, KKL-JNF has as its primary goals the
development and conservation of land it holds on behalf of the Jewish people and to promote an improvement of the quality of life in Israel” (JNF (a) and (b), 2014). To highlight the powerfulness of KKL-JNF by 2007 its activities had resulted in ownership of “13% of the total land in Israel. Since its inception, the JNF says it has planted over 240 million trees in Israel. It has also built 180 dams and reservoirs, developed 250,000 acres (1,000 km2) of land and established more than 1,000 parks” (Wikipedia, 2014).

Third, reflecting on the interdependencies shown in Figure 1 using a marketing systems approach the first thing one notices are the strong bonds between culture (i.e. religion, Zionism), institutions (e.g. political - Government of Israel and the Israel Land Administration, local government bodies and KKL-JNF) and stakeholders (i.e. Israeli citizens, KKL foreign partners in 21 countries where international donors contribute money for KKL initiatives including blue box donors) (KKL (b), 2014). These bonds are critical because they create the governance structure and the motivational zeal to allow KKL-JNF to pursue it mission which is to establish an environment in which growth and development and quality of life issues can be fostered for Jewish people in Israel. Such elements of the environment are a necessary requirement to ensure that innovation strategies through CSR and CSV can be successfully implemented.

As an example of what can be achieved using CSV the JNF mission visited the Moshav Paran as shown in Figures 2 and Figure 3 (Arava, 2014). Noa Zer, (council’s resource development director), a farmer from Moshav Paran (i.e. a type of cooperative agricultural community of individual farms) told the JNF Mission delegates, that “despite the difficult conditions – the hot dry climate, the shortage of water and the inhospitable soil – sixty percent of Israel’s fruit and vegetable exports originate here in the Arava. …. All this is possible because of the special spirit displayed by the local people, who not only dream, but also know how to make their dreams become reality. This is where Israel’s future lies and I derive a profound sense of satisfaction from the knowledge that I’m doing something that benefits the State.” The Arava region with irrigated its land produces 150,000 tons of vegetables per annum; mainly tomatoes and peppers. “KKL-JNF offers support to Arava communities in a number of different ways,” said Noa Zer. “It prepares land for farming and the construction of new communities, builds water reservoirs, provides education curriculums and develops tourist sites” (KKL (c) 2014). The kind of innovation strategy of transforming a desert into arable land shows the interdependencies between JNF and local authorities as stakeholders and the kind of new product development strategies which form one component of CSV strategy. They also present a good example of the influence of local cluster development in the Arava.

![Figure 2 Central Arava Map](image)

![Figure 3 Agricultural Crops - Arava (Paran)](image)
Figure 4 Development of Bio-Filter

Figure 6 JNF Settlement Building Infrastructure

Figure 5: JNF Building Community Centre

Figure 7 JNF Infrastructure Supports Hotel
Other examples where CSV strategies are used to create both growth and quality of life are first, the development of the JNF funded Kfar Saba bio-filter infrastructure project which collects rainwater, purifies it and channels it into the groundwater. This supports an entire community with some of the apartment blocks shown in Figure 4. Second, Figure 5 identifies a community centre built by JNF in a newly established settlement in the Negev. Figure 6 identifies the roads infrastructure being built by JNF as both an institutional supporter and stakeholder in the same settlement as Figure 4. Finally, Figure 7 shows the photo of a five star hotel at Mitspe Ramon in the Negev desert. As an innovation strategy a British businessman built the hotel which was finished in 2012 on the condition that the roads and infrastructure would be completed to support it as a tourist attraction. Subsequently, JNF as both an institutional supporter and a stakeholder built the entire infrastructure to support the hotel development. As expressed in one of the lectures given by agricultural researchers at the Central Research Centre at Arava (Paran) the philosophy of development in the Negev is composed of three action steps. First, there cannot be a new community developed without infrastructure including roads, electricity, etc (e.g. as provided by KKL-JNF). Second, after the infrastructure is available there cannot be successful community development over the long-term unless there are sufficient employment opportunities available (e.g. agriculture as in the Arava). Third, the development of new communities will falter unless there is a focus on the quality of life in the community (e.g. In Figure we see the local community centre. This is the first building to be built. The quality of life issues also include the provision of educational and other services which encourage community members to stay in the community in the long-term. The philosophy of the community in the Arava and for much of Israel is more of a collectivist culture compared to countries such as the UK, Australia and the USA).

5.0 Conclusions and Implications
The claims made by Kramer and Porter (2011) as to the benefits of CSV have been vigorously attacked by Crane et al. (2014) as failing to deal with the trade-offs between economic and social benefits; ignoring much of the extant literature on CSR; ignoring the complexities of value chains; glossing over the complexity of re-conceiving new products and finally cherry-picking the CSV success stories. The criticisms are valid however, a re-framing of the discussion into one which adopts a marketing systems approach (Layton, 2009), taking into account the interdependencies previously described in this paper could provide a remedy to these criticisms. CSV then becomes an extension of CSR focusing on new products and the development of something analogous to Blue Ocean Strategy (Kim & Mauborgne, 2005). By considering the linkages between institutions, culture and stakeholders it should be better able to match the needs of the various actors in the marketing system. We must also realise that the factors which drive the success of a specific marketing system may be different with different geographical, economic and demographic aspects. Thus, by using a marketing systems approach combined with CSR and CSV we should be in a better position to achieve improvement in both economic and social outcomes. In terms of implications to consider for future papers one can use the Israeli case study to provide input into the development of rural and Aboriginal communities in arid Australia. The mechanisms used by KKL-JNF since 1901 have been very successful at growing both the economy and the quality of life in Israel. Of course there are institutional and cultural differences compared to those in Israel which need to be considered in depth.

In Australia there is no equivalent of the Israeli KKL-JNF. However, Israel has a proven method of rural community development in arid areas and there are lessons that Australia
could learn from this experience which could be adapted to the Australian context. The Israeli method of small community development in arid conditions such as the Negev desert uses a three stage strategy including first, the building of community infrastructure; second, the provision of an adequate employment strategy (e.g. intensive farming in the Negev using drip irrigation) to create the necessary cash-flow to support the needs of the community and finally the development of educational and other services to sustain the quality of community life which would ensure that the community stays as a community over the long-term. Whilst it is a complex area the Israelis have shown how a major stakeholder such as KKL-JNF can facilitate rural community development in harsh climates. The Israelis have shown that it is possible to develop a successful intensive agricultural farming business in the Negev desert. Perhaps Australia could benefit from the establishment of an “Australian Rural Development Fund” equivalent of KKL-JNF as a catalyst for the simultaneous achievement of economic and social benefits for both rural and Aboriginal communities.

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Helping People with Mild Intellectual Disabilities (MID) Check for Skin Cancers: An Intervention

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Alan Pomering, University of Wollongong, alanp@uow.edu.au

Abstract
This paper represents the collaboration between the Cancer Council NSW, Greenacres, the Disability Sector, and the University of Wollongong (UOW) who came together through a UOW Community Engagement Grant (2010) to develop a series of skin cancer prevention resources for mildly intellectually disabled (MID) people. By interviewing 84 MID people from Greenacres, a local employer of people with mild intellectual disabilities, we report on their skin cancer prevention behaviours after our intervention with The Spot Pack, a kit designed to encourage self-examination for skin cancer spots. We found that nearly 20% of the respondents checked themselves for skin cancer spots for the first time as a result of the being given the kit. This project has several implications for both theory and practice when dealing with such vulnerable groups, with the most important being the role of an integrated approach, with tangible resources backed by a structured approach to educating the group.

Keywords: intervention, skin cancer prevention, mild intellectual disability

Track: Social marketing

1.0 Background
We know little of the skin cancer-related prevention and screening behaviours of people with mild intellectual disabilities. This is surprising as Patja, Eero and Iivanainen (2001) suggest that 1% of western societies populations have an intellectual disability and are more adversely affected by cancer outcomes than the general population. Similarly, Castell (2008) identifies using ABS data (2003) that 79,100 Australians have a mild intellectual disability. Within the literature this gap is evident by examining Kasparian, McLoone and Meiser’s (2009) wide ranging literature review of studies focussing on specific groups such as school students to broader community based cross-sectional studies of the population, but no studies were reviewed focussing on people with a mild intellectual disability (MID).

While many studies have examined whether or not sun safe messages are getting through to the general population, few studies have examined this with in the MID population. Are they engaging with the sun protection messages that many dedicated non-profits have spent considerable time and financial resources in promoting to the wider community? Our paper focuses on this point and the effectiveness of our intervention designed to promote self-checking for skin cancer spots.

In our case, it was a Community Volunteer with Cancer Council, NSW, whose role was to spread the sun safe message to various disability groups, seminars spreading the skin cancer prevention message Slip, Slop, Slap who brought this project to life. Having completed an undergraduate degree in Marketing at UOW she had serious concerns regarding the comprehensibility of much of the literature given out at her seminars to people with mild intellectual disability. As the Cancer Council is dedicated to the defeat of cancer and has the broadest reach of any cancer organisation in New South Wales, she saw a need for improving its information resources. Specifically, adapting their existing messages so that they were more comprehensible to an audience that has learning difficulties resulting in low levels of...
literacy, and impaired learning and cognitive processes when compared to the general population. Ouellette-Kuntz (2005) defines intellectual disability as a significant limitation in both the intellectual functioning and conceptual, social and practical adaptive skills originating before the age of 18, whereas in our population of interest the intellectual disability was not significant but mild.

A first step in the process was the formation of a formal Community Reference Group where several community sector groups joined together (The Disability Trust, NSW Council for Intellectual Disabilities, ADHC, Greenacres) with a clear purpose to discuss the best ways of developing resources that could be used by their clients or to assist their clients in relation to all things cancer. By approaching researchers from UOW, the opportunity to apply for a UOW Community Engagement Grant arose where the grant application focussed on developing an introductory guide on ‘How to Provide Complex Information in an Accessible Format’ for people with mild intellectual disabilities and those with learning difficulties. Full of enthusiasm the researchers thought that this ‘how to’ guide would be a valuable resource for those promoting health messages particularly within the disability sector where the dissemination of complex information provides ongoing challenges for parents, carers and service providers.

We learned quickly that the term ‘mildly intellectually disabled’ has various meanings with no established definition used by all of the community groups. Unfortunately for the academic researchers, the reality of the situation became abundantly clear with many of our partner organizations suggesting that we were very naïve in trying to develop a prescriptive approach to communicating health messages to a population with such varied learning and cognitive issues.

While hearing and noting their concerns, we undertook a review the literature to determine the state of play in the area. In one of the few studies in the area of intellectual disability and health interventions, Greenwood et al (2014) stated that while evidence-based health education and health promotion interventions are important tools for reducing health disparities there is a paucity of data regarding what constitutes effective health promotion and education in adults with intellectual disability. To our surprise and consternation we found very little in the way of an accepted methodology or a set of marketing communication theories that have been utilised to design communication resources and health interventions for people with intellectual disabilities. So to overcome these methodological and theoretical limitations we decided to go back to basics and adopt a transformative research approach by including the target audience in the research design process. To provide structure we used the social marketing planning process advocated by Kotler, Roberto and Lee (2002) in their text Social Marketing: Improving the Quality of Life, which begins with (1) conducting a situation analysis, (2) selecting a target audience, (3) set objectives and goals, (4) analyse target audiences and the competition, (5) develop marketing strategies – the 4p’s and (6) develop a plan for evaluation and monitoring. By doing so we focussed on the behaviour change aspects of the project, and had an opportunity for direct feedback from our MID co-researchers, rather than just focussing on the communication challenges faced by the target audience. The following sections will briefly outline key elements of our research process and the reasoning behind it.
2.0 The Research Process

It was decided early on by all the participant groups who formed the initial committee (Cancer Council, UOW, Greenacres, Disability Trust) that the relevant social issue was the prevention of cancer through early diagnosis and self-examination, and that the best way to proceed was to form a 5 person Reference Focus Group (RFG) consisting of people with mild intellectual disabilities from the various participating Disability Sector client base. The RFG would then become “co-researchers” in the project. Their first task would be to determine the effectiveness of the existing Cancer Council booklets and information, allowing us an opportunity to understand our target audiences comprehension capabilities first hand. This approach is advocated by Walmsley (2004) who refers to it as inclusive learning disability research where the involvement of users better informs practice and adds value. Over the projects life (3 years and multiple meetings) we indeed learned some valuable lessons which will definitely inform practice and add value to anyone engaging in similar projects with MID people. One of the key learnings was the importance of building rapport, a very informal approach was taken with the RFG members who were given a large degree of autonomy in how they would like our meetings and research activities to run, and how often they would like to meet. We discussed the types of activities they may be involved in as part of the group e.g., reviewing resources, providing feedback and ‘driving’ the resources to be developed where we developed a visual one thumb, two thumb, three thumb ups/a one thumb, two thumb, three thumbs down approach to what works and what doesn’t work.

In terms of project specifics, we had to determine which cancers to focus upon for the project, and as summer was approaching the RFG decided upon skin cancer awareness with the intention to have resources available for use over summer. So to begin the project the effectiveness of the existing Cancer Council SunSmart, Save your Skin, 19 page booklet was reviewed by the RFG focus group, immediately it was apparent that the booklet was too information rich, too full of jargon, with too many messages for the focus group to comprehend. As it had been decided that the bulk of the resource development will be driven by the RFG members themselves, the group spent a session reviewing current resources and using a variety of resources to develop their own Cancer Council Sun Safe messages. There were no rules - the group were encouraged to use whatever they wanted (including drawing and writing materials, and photos and symbols from current Cancer Council brochures etc) to develop a resource that delivered their message in a way that they could easily describe to their friends with MID. At the end of the exercise, each participant had an opportunity to present their message. The presentations of their messages provided the researchers with valuable information to consider for developing draft Cancer Council resources for consideration by Reference and focus Group members at the meetings to follow.

3.0 Implementing the Intervention

After a considerable period of time what was eventually developed by the reference focus group was a move away from a new brochure that was easier to read and comprehend to a more comprehensive and interactive approach, where they developed the Spot Pack as an intervention to be given to MID people. It consisted of a hand held mirror, a removable sticker with a check that spot message which could be placed on a bathroom mirror and a Spot Book. The spot book allowed the user to mark on a body outline the position of any suspicious spots which could then be shown to their doctor for further examination. The target audience were clients of Greenacres, a registered disability service provider. Importantly, Disability service providers are legally required to ensure all participants within their services
understand their rights and responsibilities in regards to Privacy, Dignity and Confidentiality. All the participants were over 18 and provided their own informed consent. The volunteers read a very simplified consent form in a format that they are accustomed to (with previous experience) and signed it. Such simplified consent forms enabled participants to have a clear understanding of their roles, and their rights and options for withdrawal from the research. Finally, the MID participants at Greenacres are accustomed to making their own life choices with many belonging to self-advocacy groups. The research was also approved by the UOW Ethics Committee who had initial concerns as to the cognitive ability of the group, and whether or not the use of any fear appeals would cause emotional distress but where satisfied by a letter of support from Greenacres.

The Spot Pack was given to 84 MID employees of Greenacres in late November 2013 and the respondents were interviewed in two separate sessions (two days apart) at their place of work. As well as being given the Spot pack at a formal meeting prior to the interviews, they were also shown how to check themselves with the mirror and act as Spot Detectives looking for any suspicious spots which would be recorded in their own Spot Book. In late February, at the end of summer the interviews were conducted using a questionnaire that was developed with the assistance of the RFG. It had the following sections (1) summer sun behaviours, (2) do you remember getting the Spot pack, (3) your spot checking behaviour over summer, (4) action if a spot found, (5) did you use the mirror, the sticker, (6) melanoma awareness, and (7) recall of sun safe advertising over summer, (8) respondent information. In the following section, we present the results of this intervention aimed promoting self-examination behaviours and encouraging visits to their doctor (GP) when in doubt.

4. Results

For our analysis we sought descriptive statistics relating to specific behaviours and attitudes. As part of the data analysis we conducted between group analysis (ANOVA) where we sought to see if there were relationships amongst key variables such as level of intellectual disability, living independently, attitude towards getting a sun tan etc. To our surprise there were none evident. Here are some of the key descriptives, we had 84 respondents, male n = 49 (57%), female n = 37 (43%). Ages: 18 to 25 = 22.1%, 26 to 35 = 37.2%, 36 to 45 = 15.1%, 46 to 55 = 16.3%, 56 to 65 = 5.8 %. Did not know = 2.3%. Their level of mild intellectually disability was assessed in the following manner noting that while all respondents are viewed as having a mild intellectual disability, they are not a homogenous group. To capture differences within the group their level of mild intellectually disability was measured by the level of their dependency on additional support in performing their work tasks at Greenacres. This was assessed by their manager and reflects their judgement: Highly Independent: n = 11 (13%), Moderately Dependent: n = 49 (58%), Low dependency: n = 24 (29%). We also found that 72.1% lived at home with their family to 28.9% who did not.

<table>
<thead>
<tr>
<th>Table 1: Sun Safe Behaviours of MID people</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over summer did you spend much time outside in the sun?</td>
</tr>
<tr>
<td>Not at all</td>
</tr>
<tr>
<td>10.5%</td>
</tr>
<tr>
<td>When you went outside in the sun how often did you put on Sunscreen?</td>
</tr>
<tr>
<td>Never</td>
</tr>
<tr>
<td>16.3%</td>
</tr>
<tr>
<td>When you went outside in the sun how often did you put on a Hat?</td>
</tr>
<tr>
<td>Never</td>
</tr>
<tr>
<td>16.3%</td>
</tr>
</tbody>
</table>
When you went outside in the sun how often did you put on Sunglasses?

<table>
<thead>
<tr>
<th></th>
<th>Never</th>
<th>Sometimes</th>
<th>Always</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>23.3%</td>
<td>23.3%</td>
<td>52.4%</td>
</tr>
</tbody>
</table>

When you went outside in the sun how often did you put on a Long sleeve shirt?

<table>
<thead>
<tr>
<th></th>
<th>Never</th>
<th>Sometimes</th>
<th>Always</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>61.6%</td>
<td>24.4%</td>
<td>11.6%</td>
</tr>
</tbody>
</table>

Table 2: Spot checking behaviours of MID people after the Intervention

<table>
<thead>
<tr>
<th>Event</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Was it the first time you ever checked yourself for spots?</td>
<td>19.8%</td>
<td>80.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Timing</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>After every shower</td>
<td>26.7%</td>
</tr>
<tr>
<td>Once a week</td>
<td>17.4%</td>
</tr>
<tr>
<td>Once a month</td>
<td>10.5%</td>
</tr>
<tr>
<td>Once a year</td>
<td>1.2%</td>
</tr>
<tr>
<td>Never</td>
<td>40.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Method</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>By yourself</td>
<td>30.2%</td>
</tr>
<tr>
<td>With a Family member</td>
<td>25.6%</td>
</tr>
<tr>
<td>with a Carer</td>
<td>4.7%</td>
</tr>
<tr>
<td>Doctor</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

5.0 Discussion, conclusion and future research

The primary purpose of the study was to promote skin cancer checking behaviour amongst a vulnerable community and the secondary purpose was to ascertain whether or not they were engaging with the sun safe message of Slip, Slop, Slap which had been the promoted by the Cancer council for many years. In terms of Spot Checking behaviour, with nearly 20% of participants checking themselves for the first time and 44% either checking themselves after every shower or weekly, the intervention has been positive. Interpreting the results, it seems that the message Slip, Slop, Slap has been taken to heart by the participants in the study, with the majority of respondents putting on sunscreen, a hat, and sunglasses. Long sleeve shirts however are not popular as a preventative measure. While these results are encouraging they need to be considered cautiously in terms of their implications for practice, as space restrictions limit presenting all of the results, the sticker, booklet and mirror where not a success, the sticker was not effective in reminding people to check for spots, the book hardly used and not taken to their doctor, and the mirror rarely used, but rather the process of taking a Spot Pack home triggered discussion and behaviour change amongst family members. From a researcher perspective, including the target population in the study was beneficial as it allowed us to better understand their abilities, however there were considerable trade-offs in terms of time taken to complete the project and efficiency as research meetings could only be done outside work hours. Social desirability responses where an issue at times as well as limited recall if the meetings were spread out over a period of weeks.

6. References


SOCIAL MARKETING ABSTRACTS
Aggregating Potential Collective Action as a Marketing Tool

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Abstract

“If every American replaced their 5 most-used light fixtures with efficient bulbs then Americans would save $8 billion per year”. Such marketing statements, which take the form “If X people all do Y action then Z outcomes will be achieved”, are commonplace but unstudied. We report on a lab experiment designed to test whether marketing statements in this form are effective. We focus on pro-social stimuli and goals. Our observations suggest that relatively stronger preferences for engaging in pro-social behavior are produced when information about potential efficiency savings are presented on an expanded scale that is aggregated over a large number of people. We find that this scale expansion effect is mediated by consumers’ efficacy beliefs: aggregating potential savings over many people boosts the conviction that ones actions and those of one’s group can positively impact the environment.

Keywords: consumer choice; pro-social marketing; scale expansion; efficacy.

Track: Social Marketing
Mobil Phone Contracts: Understanding Consumer's Confusion

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Abstract

Changes to the self-regulatory Telecommunications Consumer Protections (TCP) code introduced unit pricing in order to end confusion in consumer decision making about mobile phone and data plans. Twenty-four in-depth interviews were conducted with a diverse group of consumers who had recently taken out or renewed their plan, where these plans complied with the new TCP code. All but a few consumers were able to use unit pricing if asked to do so, but most found the plans too complex or confusing. Most reported that when they bought their last plan they used simple heuristics (supplier, family choice) despite the large sums of money involved in the contracts. A fear of “going over” led consumers to self-insure by buying more capacity than they needed. Additional confusion associated with using unit pricing was caused by some plans having unlimited calls and texts, making unit pricing ‘irrelevant’. Paradoxically consumers had a reasonable sense of how much data they needed, despite confusion about the data use required for alternative applications.

Keywords: Confusion, fear, unit pricing, self-insurance

Track: Social Marketing
Examining the Relevancy for Corporates to Engage in the Fight against HIV/AIDS for the General Population of Kinshasa with Particular Attention Needed for the Workforce

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Abstract

Over the years, Africa has become the most HIV/AIDS burdened region worldwide. The epidemic did not spare the workforce as much as all the other social forces of African communities. Success in combating the epidemic requires corporates to join forces with governments and non-profit organisations in addressing the issue. It is however noticed that companies have not been playing their part in the struggle against HIV/AIDS. Product-moment correlation and t-Test performed on data collected by means of face-to-face administered questionnaires demonstrate that unemployed people are better exposed to HIV/AIDS information than employed ones as they spend more time at work without exposure to HIV/AIDS messages, and are less likely to engage in risky sexual behaviour. In other words, the workforce is at more risk of acquiring the virus, a fact that leads to the necessity for companies’ intervention.

Key words: HIV/AIDS knowledge, Condoms, Work Based Organisation (WBO), Kinshasa and Sexual behaviour

Track: Social Marketing
The Interaction Effect of Perceived Adverse Impacts of Climate Change and Climate Change Mitigation Policy Effectiveness in Explaining Public Support for the Policies – The Next Step from the ISMC 2014

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Abstract

The use of fear appeals in marketing communication has been useful in encouraging pro-social behaviours. However, it is observed that communicating risks without emphasising the effectiveness of risk ameliorating solutions may be ineffective. Does this happen in the context of climate change mitigation policy support behaviour? This paper endeavours to address this question using the Extended Parallel Process Model (EPPM) and Risk Perception Attitude framework, and examines the interaction between perceived adverse impacts of climate change (PI) and perceived mitigation policy effectiveness (PE) as two determinants of public support for the policies (PS). Examining a sample of 1,476 Australian respondents, this paper found that PI weakens the relationship between PE and PS and contradicts predictions of the EPPM. The paper suggests opportunities for application of the EPPM to its new area – climate change mitigation policies. Social marketing implications to stimulate public support for the policies are also offered.

Keywords: climate change mitigation policy support behaviour; extended parallel process model

Track: Social marketing
The research investigates the effect of framing of social marketing messages on individuals’ healthful food consumption. Through three types of advertisements, the authors study the longitudinal effects of message framing on food consumption and its decay effect over time. Ninety-two subjects report food consumption over 12 consecutive days while being exposed to multiple advertisements (positive and negative) in that duration. A time-series analysis is conducted to study the long-term effects of framing on food consumption behavior. Negative (vs. positive) messages are found to be more effective and their effect lasts for a longer duration, in promoting healthy consumption. Implications for various stakeholders are also discussed.

Keywords: obesity, consumption, social marketing, advertising framing

Track: Social Marketing
Measuring Individual Food Selections within a Buffet-Style Cafeteria: An Observational Method

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Abstract

Social marketers need to extend beyond self-report methods and to adopt alternative research methods in formative research to gain consumer insights. This paper represents the first reporting of a method currently in development employing photography to capture food choices in cafeteria settings. Four meals (2 lunches and 2 dinners) were observed at a workplace cafeteria over a one week period. Approximately 35% of meals (n=168) were photographed. Dishes were categorised as main dishes or side dishes; and the proportion of red (least healthy), orange (moderately healthy) and green (most healthy) choices within each category were calculated. The three main dish categories were not significantly different even when weighted for presentation. Red side dishes were selected significantly more than orange and green dishes, a difference that was amplified when weighted for presentation. Limitations and future research directions are outlined.

Keywords: Social marketing, obesity, eating, insight, formative research, evaluation method

Track: Social Marketing
From Initiation Decoy to Cessation Portal: Using Packaging as an Agent of Change

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Abstract

Plainly-packaged tobacco products use aversive stimuli to prompt quit attempts among smokers, who typically try to quit spontaneously, in response to environmental triggers. Theoretically, stimuli that both cue and support cessation attempts should increase quit success rates. However, while plain packaging increases smokers’ dissonance, it does not enhance on-pack cessation information, which remains obscure and unlikely to assist quit attempts. We tested how alternative on-pack Quitline information formats affected smokers’ perceptions and choice behaviours, and their likelihood of seeking cessation support. Irrespective of the measure used, smokers found all test formats significantly easier to read, more visually salient, and more likely to encourage quitting than the control. Reformatting on-pack Quitline information would better recognise the spontaneous nature of quit attempts and could resolve the increased dissonance plain packaging causes by affirming smokers’ decision to quit and enhancing their access to cessation support.

Keywords: plain packaging, cognitive dissonance, smoking cessation

Track: Social Marketing
Balancing Entertainment and Behaviour value: M-games as a Social marketing Agent of Change

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Abstract

In a marketplace where millions of dollars are spent on the design of mobile games (m-games), social marketers are now using this technology as a tool for behaviour change. Despite high expenditure by governments and non-profits on social marketing m-games, little is known about their effectiveness in terms of creating value. Value creation has been demonstrated to have an important impact on satisfaction and behaviour. This paper reports the results of a qualitative study involving four focus groups with 23 participants to reveal two categories of experiential value, entertainment and behaviour. Additionally, it was discovered that entertainment could be characterised by amusement and social value dimensions. Whereas, behaviour could be made up of information, simulation and distraction value dimensions. The categories of value, as well as the dimensions of information, simulation and distraction are entirely new to the social marketing literature and thus represents a unique contribution to social marketing.

Keywords: experiential value, mobile games, technology, social marketing

Track: Social Marketing
Back on the Market: Understanding Condom Use Behaviour in Heterosexual Adults 50 years+

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Abstract

Older adults began their sexual lives with an unprecedented sense of freedom thanks to the development of the contraceptive pill and women’s liberation movement. However with divorce rates rising and marriage rates declining, older adults are increasingly ‘back on the market’. This is accompanied by a rise in sexually transmitted infections that could be prevented by using a condom. The current literature on condom use typically has a youth focus and in particular an emphasis on contraception. Given the differing nature of sexual encounters for older consumers, there is a need for alternative explanations of condom use behaviour that reflect key motivations and barriers in this age cohort. Therefore we propose a conceptual model to explain heterosexual older adult condom-use behaviour by drawing on two theoretical frameworks; protection motivation theory and sexual scripting theory. The new framework contains four categories of factors; sexuality, gender roles, threat appraisal and coping appraisal.

Keywords: sexual health, condoms, older adults, social marketing,

Track: Social Marketing
Alcohol Consumption Culture in Vietnam: An Exploratory Investigation

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Abstract

This paper presents the early results of a study into social drinking behaviours in Ho Chi Minh City, Vietnam with a view to gain an understanding of how consumption norms are established and transferred within the cultural setting. Covert observations were used to study the dynamics of group drinking behaviour among adults consuming alcohol in various selected types of public venues. Patterns such as synchronised drinking, direct and indirect peer pressure, social rules including sharing, reciprocity and conformity, and manifestations of masculinity/femininity negotiation in public drinking events are noted. These results and insights so far have been used to revise the observation instruments and refine data collection processes. Future stages of the study shall reveal comprehensive insights into actual drinking behaviour in urban Vietnam to inform social marketing initiatives targeting to promote responsible drinking and consequently reduce the rate of alcohol-related problems.

*Keywords: alcohol consumption, drinking culture, Vietnam, health marketing

Track: Social Marketing
Going With the Flow: Young Motorcyclists’ Perception Of Speeding Norms

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Abstract

In Vietnam, motorcycles serve as a major transportation means to the majority, while presenting the highest risk out of all vehicles involved in road crash incidents. This study examines the relationship between social norms and speeding behaviour using the social norms approach to demonstrate its potential application in social marketing campaigns related to road injury prevention. A paper-based survey of undergraduate university students’ (N =541; aged 18 to 25) at four universities in Ho Chi Minh City, the largest city in Vietnam was undertaken. The results show that young adults tend to believe that their peers are speeding more commonly than themselves, and that they, themselves, are more skilled drivers and safer when speeding compared to their peers. The results show that social marketing campaigns may need to address incorrectly held beliefs in regard to the social norms related to speeding on motorbikes.

Keywords: driving safety, speeding norms, driving perception, Vietnam

Track: Social marketing
Game On: Know Alcohol – Interim findings from The First Nine Schools

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Abstract

A six module program designed to 1) show students the effects of alcohol, 2) impart knowledge of standard drinks and 3) provide students with strategies to moderate (or abstain) from alcohol drinking, is currently being tested in a cluster randomised control design in Queensland. This paper presents immediate evaluation results for the program that was designed using the eight National Social Marketing Centre (2009) benchmark criteria. Students have participated in baseline and/or immediate follow up evaluation in six intervention and three control schools to date. Early results suggest that Game On: Know Alcohol increases knowledge relating to alcohol and moderates attitudes towards binge drinking while maintaining behavioural intentions to drink alcohol excessively. Limitations of the current study and opportunities for future research are outlined.

Keywords: Alcohol, social marketing, adolescents, school, evaluation

Track: Social Marketing
Socially Excluded: Creative Involvement Solution to Social Exclusion

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Abstract

The existence of a category of citizens that may be classified as ‘socially excluded’ is a global issue. In Australia this is also a persistent social problem. The causes of ‘social exclusion’ have been reported to be multidimensional. The major outcome of being a long-term socially excluded appears to be the individual’s loss of self-esteem, feeling of helplessness, and hopelessness leading to psychological problems and withdrawal from social interactions. Various programs have been instigated to address this complex problem with varying degrees of success. One initiative which promises more successful outcome is a system of applied ‘creative’ involvement using personal care, creating trust and exercising unconditional compassion for the socially excluded person. This conceptual study aims to develop a framework based on a case in which anecdotal evidence suggests effective outcome in dealing with the socially excluded individuals. A model has been suggested to use in the development of this framework.

Keywords: Social exclusion; creative involvement; self-esteem; social interaction; empowerment

Track: Social Marketing
An Empirical Investigation of Medical Advice and Healthy Self-Management

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Abstract

Over 60% of patients diagnosed with high cholesterol are known to ignore medical advice that could ameliorate their condition (i.e., taking medications, having regular checkups); many others incompletely comply with it. Less well understood is whether high-cholesterol patients healthfully self-manage by dieting and exercising more, and smoking and drinking less. We investigate three identifying associates: residential location, economic characteristics, and demographic traits (RED). Using data from two studies, we analyze patients and non-patients to assess the predictive power of RED identifiers. We show that the RED variables are as effective in determining healthful self-management as they are in predicting adherence to medical advice. But, compliance with medical advice poorly predicts healthful self-management: some determinants of medical advice affect self-management in a complementary manner, while other determinants have a reversed self-management effect (i.e., a boomerang effect). This is critical information with implications for stakeholders such as healthcare professionals and policy makers.

Keywords: Healthcare marketing; medical compliance; healthful self-management; healthy behaviors

Track: Social Marketing
Social Marketing for Workplace Change
The Need for Issue-focussed Stakeholder Management

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Abstract

Social marketing has the potential to achieve social goals through behavioural change in the workplace yet few studies have addressed workplace issues. Illustrations from a thematic analysis of eighty case studies of workplace change show how an issue – focussed stakeholder management approach (Roloff, 2008) is more relevant to the social marketing context than the organisation-focussed stakeholder approach that is usually adopted. By combining the former with elements of the latter it is argued that a major role for social marketing in achieving sustainable change, both in the workplace and other contexts, requires: first, legitimising issues, actions and agents; second, creating power through collaboration and empowerment and third, responding to and driving urgency. Further this approach blurs the distinction between change agents and target audiences as the latter are drawn into the network through empowerment.

Key words: stakeholders, workplace, legitimacy, power, urgency

Track: Social Marketing
Game On: Know Alcohol - Co-Creating a Tailored Alcohol Social Marketing Program

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Abstract

Research demonstrates that education programs are more effective when their target audiences and other key stakeholder groups are involved in the design. The majority of programs continue to be researcher and expert driven. This study extends upon previous research by employing a co-creation research design to offer a consumer driven alternative to education program design. Two co-creation groups involving twenty 14-16 year old Year 10 students who had previously participated in the Game On: Know Alcohol (GOKA) program, which aims to moderate alcohol drinking attitudes and behaviour, were conducted. Analysis revealed that a co-created GOKA program will differ substantially from the researcher and expert driven program that is currently being field tested. Students prefer interactive activities and activities that engage and challenge. Co-creation offers the potential to contest researcher and expert views and may offer to assist in the generation of new insights for the development of education programs.

Keywords: Social marketing, co-creation, alcohol, adolescence, insight

Track: Social Marketing
Abstract

There is limited published literature on the application of social marketing to animal welfare issues. Overwhelmingly, social marketing literature focuses on individual models of behaviour change, applied in public health settings. Whilst applying these models to animal welfare has value, we suggest a singular focus on a target audience could place unfair blame and responsibility on individuals. Rather, we argue that the complex nature of animal welfare issues requires a social marketing approach that adopts a broader view, which involves understanding the target audience within their social context. Here, the application of Rothschild’s MOA framework to animal welfare issues is explored. We demonstrate that the MOA framework provides a practical management tool that facilitates understanding a target audience, as well as the broader social context that influences their behaviours. We show that the MOA framework facilitates segmenting the target audience and conceptualising appropriate intervention strategies to improve animal welfare outcomes.

Keywords: motivation, opportunity, ability, animal welfare

Track: Social Marketing
Smoking in Movies: How a Policy Loophole Harms Young People

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Abstract

Depictions of smoking in movies recreate the glamour, ruggedness and relaxation formerly conveyed in tobacco advertising. Studies from many countries document a dose-response relationship between exposure to smoking in movies and adolescent smoking initiation. However, little is known about how adolescents and young adults from countries where tobacco promotions are heavily restricted respond to smoking incidents in movies. An on-line survey of 515 New Zealand smokers and non-smokers aged 15 to 26 found their likelihood of being smokers increased by 14% for every 100-incident increase in exposure to smoking incidents. If there was no smoking in youth-rated movies, the attributable risk due to onscreen smoking exposure from this source would fall from 49% to 36%. Film censors should explicitly consider movies’ ‘smokiness’ and not award youth-appropriate ratings to films with smoking; this simple measure would decrease young people’s exposure to smoking and the number that go on to smoke.

Keywords: smoking in movies, tobacco advertising, adolescent and young adult smoking

Track: Social Marketing
The Social Business View of a Cooperative in the Mud-Crab Value Chain – A Study for Enhancing Sustainable Livelihood of Crab Fishers in Bangladesh

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Abstract

The crab sector of Bangladesh has been contributing significantly to the export earnings of the country. Yet the crab fishers, who supply raw crabs in the value chain, live a very meagre life. This paper attempts to map the existing mud-crab value chain, explore the livelihood status of the crab fishers and identify the factors behind their unsustainable livelihood condition. The data for the study has been collected through six in-depth group interviews conducted among the crab value chain members of coastal Bangladesh. Guided by the Social Business view, this paper suggests for adopting cooperative in the mud-crab value chain in order to improve the current unsustainable livelihood situation of the crab fishers. The paper further explores the awareness level, intention to adopt and expected benefits of the cooperative from the existing crab value chain members.

Key words: Cooperative, Sustainable livelihood, Mud-crab fishers, Value chain and Social business.

Track: Social Marketing
Sharing Cathartic Stories Online: The Internet as a Means of Expression Following a Crisis Event

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Abstract

This research looks at the way that stories were shared online following the Christchurch earthquakes. The earthquakes left the city with massive infrastructural and emotional damage as well as leading to 185 deaths. We show that the Internet allowed residents to share and express themselves especially when physical travel was impractical or restricted. We offer implications to the theories of catharsis and the use of online media during crises. Policy and recommendations for social marketers are made regarding the use of online media as an aid in the victims’ emotional recovery from a major crisis. Fostering greater use of online communities, online engagement and encouraging expression online would be an early step in helping those who may not feel comfortable expressing their fears in a face to face situation. Social marketers or health care professionals may provide online forums as a way to collect data on the health of affected communities before implementing wide scale health promotion activities.

Keywords: Social media, crisis, social marketing, catharsis

Track: Social Marketing
Increasing Self-Efficacy with Technology and Social Media to Combat Obesity

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Abstract

This research investigated the role of a commercial program that uses a variety of tools including social support to influence weight management behaviours such as exercising and eating healthily. The need for social marketing research for weight management is indicated by the fact that despite evidence of the health benefits of maintaining a healthy weight to individuals, obesity rates have continued to increase in recent decades. Weight management is a complex behaviour that for many consumers involves barriers that influence their commitment to continue exercising and eating healthily. Statistical analysis techniques such as t-tests and linear regressions were used on a sample of 820 respondents to an online survey. The analysis revealed personal social support had a significant impact on exercising and eating healthily self-efficacy, which in turn had a significant impact on intentions and past behaviour. The findings and implications for both social marketing theory and practice are discussed.

Keywords: self-efficacy, obesity, support

Track: Social Marketing
The Antecedents of Donor Retention for Non Profit Organisations: An Empirical Analysis

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Abstract

Donor funding has been a major source of funding for non-profit organisations (NPOs). Investigating salient factors that influence donor intention to continue supporting NPOs is crucial especially in Tanzania where the NPO that provides financial support for public education is reliant on donations. This research investigates five salient factors (i.e., commitment, involvement, recognition, retention and satisfaction) that are likely to impact on donor intention to support education projects. Data were collected through a mail survey that yielded 242 usable responses which equates to a 30.3% response rate. The findings of the Confirmatory Factor Analysis and Structural Equation Modeling indicate that all five antecedents have a direct impact on donor retention. This research has provided insights for marketing professionals and NPO management concerning the application of instrumental factors for retaining individual donors. It also provides a theoretical contribution to understanding donor retention by NPOs.

Keywords: Non-profit organisations; donor retention; Structural equation modelling; Confirmatory factor analysis; Latent variable.

Track: Social Marketing
Abstract

Cycling has experienced increased popularity as a viable form of everyday transport and as a leisure or sporting activity. In the absence of segregated infrastructure, road sharing, however, has become a controversial issue. (Exaggerated) media reports describe altercations between cyclists and motorists as road wars. Rhetorical battles may only serve to feed existing perceptions. To avoid this outcome, social marketers can design interventions to increase harmony between road users and a first step is to understand the rhetorical context of the problem. The aim of the current study is to critically analyse the on-line and media rhetoric surrounding ‘road wars’, using Braun and Clarke’s five step thematic analysis approach. Insights are offered based on the combination of ‘bottom-up’ coding using a grounded approach, and analyses within the frameworks of social representation theory, and theories of in/out group representations, stereotyping, prejudice and discrimination.

Keywords: cycling; social marketing; road wars; thematic analysis.

Track: Social Marketing
The Pretty Shady campaign - Encouraging young Australians to be part of the generation that stops skin cancer one summer at a time.

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Abstract

Melanoma is the most common cancer in young Australians. Yet, skin cancer is one of the most preventable cancers. Young people are the most pro-tanning age group and least likely to use sun protection. While skin cancer prevention campaigns in NSW have contributed to improvements in knowledge and attitudes toward skin cancer and sun tanning, routine and comprehensive use of sun protection remains a significant challenge. The Cancer Institute NSW launched a new digital-centric campaign, Pretty Shady, to positively reposition sun protection and address social barriers, representing a shift away from traditional mass media campaigns. The campaign demonstrated strong online reach and engagement including 1.2mil views of the video manifesto on YouTube, over 5000 Facebook fans with 1.5 stories generated per fan and over 95,000 website visits. Recognition and engagement were higher among those with pro-tanning attitudes. The campaign prompted action in 72% of those exposed to the campaign.

Keywords: skin cancer prevention, digital, social marketing campaign, knowledge and attitudes.

Track: Social Marketing
Barriers, Benefits, Cost and Competition of Walking: A Content Analysis

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Abstract

Very little is known about the perceived barriers, benefits, cost and competition of walking for overweight and obese people. Fifteen face-to-face semi-structured interviews were conducted with overweight and obese adult individuals who lived in greater Brisbane. Participants were aware of more benefits from walking than barriers. Participants expect health and fitness benefits from walking. Weather was identified as the most frequently sited barrier. The benefits and barriers identified in this study provide insights that can be used to develop interventions aiming to change walking behaviour of overweight and obese people. Future research directions and study limitations are noted.

Keywords: walking, barriers, benefits, cost, competition

Track: Social Marketing
Market Segmentation: Insights for Changing Children’s Physical Activity Behaviour

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Abstract

Market segmentation has received relatively limited attention in social marketing, particularly within the context of changing children’s physical activity behaviour. This is an important area of investigation given growing concern over childhood obesity globally. The present research aims to extend current understanding of the applicability of market segmentation within this context. The results of a two-step cluster analysis on data from 512 respondents of an online survey show three distinct segments of caregivers, each with unique beliefs about their primary school children walking to/from school. The results demonstrate the validity of employing the process of market segmentation within this social context and provide further insights for targeting the identified segments through tailored social marketing programs.

Keywords: segmentation, social marketing, active transportation, children

Track: Social Marketing
Exploring the Digital Habits of Gen Y Marketing Students: Digital Natives or Digital Tourists?

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Abstract
This paper questions the media’s image of Gen Y as digital natives. Based on the analysis of focused interviews and survey feedback from second and final year marketing undergraduates, we present the idea that Gen Y students are digital tourists, grazing in common digital platforms, but rarely engaging at a deeper level. Our findings also indicate that unlike the popular view, these students are uncomfortable using new technologies and may avoid unfamiliar platforms. Furthermore we discovered that the students struggle to apply their understanding of digital technologies in creative ways. This presents a number of implications for marketing educators. Based on our findings we suggest that digital tools should be embedded within marketing (and marketing education) which will lead to greater exploration of technology and increases an individual’s digital fluency.

Keywords: Digital fluency, marketing education
Track: Marketing Education

Introduction
The media portrays Generation Y (Gen Y) as Digital Natives based on the belief that this demographic are high end users of digital technology, for online or virtual communication. Unlike their predecessors (i.e., Gen X), Gen Y’s are said to have an innate ability to engage with technology in creative and innovative ways (Palfrey and Gasser, 2008). Prensky (2001a) has argued that growing up with technology, Gen Y are naturally native speakers of this digital language, and that engagement with the online environment is second nature to them. Many social media commentators agree, seeing Gen Y as ‘creative, innovative, self-confident, highly educated, and educationally minded’ individuals, who enjoy sharing ideas with others, collaborating in small groups, and using digital tools such as Blackboard for both work and play (Autry and Berge, 2011, pp. 465).

Many academics however see this view of Gen Y as too generalist. They argue that it does not encompass the complexities inherent in being able to use technologies in diverse and creative ways (Bennett, 2012). Bennett (2012) argues that the mere exposure to digital technology from an early age does not necessarily lead an individual to become competent in its use, nor does it indicate willingness to engage in new technologies, or to use it in deep and meaningful ways for education and work (Combes, 2009).

Many academics however see this view of Gen Y as too generalist. They argue that it does not encompass the complexities inherent in being able to use technologies in diverse and creative ways (Bennett, 2012). Bennett (2012) argues that the mere exposure to digital technology from an early age does not necessarily lead an individual to become competent in its use, nor does it indicate willingness to engage in new technologies, or to use it in deep and meaningful ways for education and work (Combes, 2009).

This study examines how marketing undergraduate students conceive digital technologies as tools for engaging in marketing activities and preparing for their own roles as marketers. By examining the views of second and final year marketing undergraduate students, we explored their perceptions of digital tools and media as relevant to the marketing discipline. This paper will begin with a review of the literature pertaining to Gen Y as digital natives. It will proceed to summarise the findings revealed from exploratory interviews. The findings highlight Gen Y marketing student’s approach to technology, and indicate their superficial use of digital
tools. Finally, the paper concludes with a discussion of the implications for educators and limitations of the research.

Gen Y as Digital Natives

Coined by Prensky (2001a, pp. 1), the term ‘digital native’ describes Gen Y as individuals who have grown up with ‘computers, video games, and the Internet.’ Prensky (2001b pp. 3) argues that as they are immersed in technology from an early age, Gen Y have developed a ‘very different blend of cognitive skills,’ becoming native speakers of the digital language. Social commentators also maintain the digital native's ability to absorb information rapidly (Murray, 2007; Topsfield, 2010) contending that these individuals have an inherent understanding of technology and are comfortable with the implications of using high levels of technology in diverse ways (Nash and Mackay, 2007; Plante, 2012; Joy, 2012; William, 2014; Murchie, 2014). Indeed these social commentators appear to view digital natives with a degree of awe, perceiving them as individuals that ‘will move markets and transform industries, education, and global politics’ (Palfrey and Gasser, 2008, pp. 7) by using digital technologies to actively participate in their learning environment (Autry and Berge, 2011; Thom, 2011). Gen Y view the information available on digital platforms as something that can be reused or recast in order to cater to their individual learning needs (Palfrey and Gasser, 2008; Autry and Berge, 2011). Palfrey and Gasser (2008) argue that being digitally proficient has improved Gen Y’s social capabilities and thus they will have a positive effect on their workplace.

The current research makes the assumption that exposure to technology is the key factor which leads to competence with its use (Wang, Myers, and Sundaram, 2013). However neuroscience research disagrees with this view, arguing that greater experience with technology does not necessarily make an individual better equipped to use it (Herther, 2009; Wang et al 2013). A recent study by Wang et al (2013) has found that having access to a computer or the Internet has no bearing upon an individual’s technological fluency.

It has been observed that while many so-called digital natives displayed confidence in using some technologies, they use these technologies in limited ways (Selwyn, 2009; Bennett and Maton, 2010; Bennett 2012). For example, Combes (2009) observed that Gen Y primarily used digital platforms for communication, entertainment and searching for information that was related to the university context. As a result there is a growing perception amongst academics that instead of thinking critically about technology and channelling their understanding creatively, young people predominantly use digital technology for ‘self-expression and self-promotion than for actually listening to and learning from others’ (Selwyn, 2009, pp. 368; Williams, 2014).

The general lack of research to underpin the media’s view of Gen Y as digital natives brings this common perception into question (Rudin, 2014). For example Combes (2009) and Wang et al (2013) contradict the notion of Gen Y being digitally native and high end users of technology; instead outlining the limited ways they engage with technology as well as the variance in their digital fluency. Our research explores this in greater detail. In particular we seek to understand whether undergraduate students are engaging in a wide variety of digital platforms as portrayed by the media, and the extent to which they can perceive the use of these channels as part of the marketing discipline.
Method

A qualitative research approach efficiently examines the perceptions surrounding society and human nature, within a specific context (Miles and Huberman, 1994). Miles and Huberman (1994, pp. 10) cite that the focused interview method reveals the complexity within an issue; revealing the ‘ethnography of communication’ (Jacob, 1987, pp.2; see also, Cohen and Manion, 1994).

For the purpose of this study we approached students in their second and final years of the Marketing degree, because they had a greater understanding of marketing concepts as compared to first year students. This allowed us to explore their perceptions of how to apply marketing concepts within a digital format. We asked a range of open-ended questions that were designed to gauge a number of issues including students’ current use of technology, their understanding of various digital channels including social media, and how they saw these being used in marketing, and their perception of how digital marketing would change over the next decade.

An invite was placed on Blackboard websites and advertised in class. Students were asked to contact a research team member who had no teaching contact with any students to ensure that all interview information was kept anonymous. Six informants were interviewed. The interviews (approximately sixty minutes in length each) were conducted on campus, recorded, transcribed and de-identified. The transcripts of two interviews were initially coded and a coding guide created. To check the validity of coding, a second researcher coded clean copies of the same transcripts. The independent coding match was initially 75%, but a second review of the coding indicated the need for a more detailed coding guide. The interviews were re-coded by both researchers with a 94% agreement. The interviews were then analysed, coded and the results aggregated by code. The codes and frequency counts are shown in Table 1.

Table 1. Interview codes and frequency counts

<table>
<thead>
<tr>
<th>Code</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Types of technology used - tools</td>
<td>16</td>
</tr>
<tr>
<td>Types of technology used - platforms</td>
<td>91</td>
</tr>
<tr>
<td>Communications</td>
<td>10</td>
</tr>
<tr>
<td>Marketing channels</td>
<td>22</td>
</tr>
<tr>
<td>Digital marketing activities</td>
<td>19</td>
</tr>
<tr>
<td>Impact of digital marketing</td>
<td>7</td>
</tr>
</tbody>
</table>

Findings and Discussion

*Students’ engagement with digital technology*
Social commentators claim that Gen Y are extremely curious and willing to engage in new and old technologies in creative ways (Autry and Berge, 2011; Fisher, 2011). It appears that students agree with the media’s view and describe themselves as high-end users of technology (Table 2), mentioning their use of social media 91 times. However while they were confident handling hardware tools such as laptops, smartphones and computers, we found that the informants only appeared comfortable engaging with limited digital channels that were already familiar to them. Mass social media like Facebook was often used to manage communications covering projects on other digital sites. As Selwyn (2009) also observed, students displayed the greatest engagement with social media platforms such as Facebook, YouTube, and various Apps such as Instagram. Communication and self-expression were two key reasons for engagement with social media.

Table 2. Engagement with Digital Marketing

<table>
<thead>
<tr>
<th>Code/Platforms</th>
<th>Frequency</th>
<th>Types of technology used - platforms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Types of technology used - platforms</td>
<td>91</td>
<td>“We Gen Y use technology a lot. Like we’re way more open about all the new things out there, and we are very narcissistic in that we love social media and we post about ourselves and selfies and all that stuff.”</td>
</tr>
<tr>
<td>/Facebook</td>
<td>25</td>
<td>“I find that Facebook is a great way to communicate with group members. It’s a great platform to get conversation going, and say ‘hey I’ve posted this on Blackboard’, or ‘I’ve posted this on Google Docs, please have a look at it’.”</td>
</tr>
<tr>
<td>/Apps</td>
<td>14</td>
<td>“I was born in technology! I use Twitter, Facebook, YouTube and Instagram. Basically all kinds of social media, because I’m a tech savvy person so I like getting involved in these kinds of things.”</td>
</tr>
<tr>
<td>/Twitter</td>
<td>11</td>
<td>“I have started to use LinkedIn because of (my subject). But honestly I’m someone who likes to stick with the one I’m using like Facebook, but I know I should go for more.”</td>
</tr>
<tr>
<td>/YouTube</td>
<td>7</td>
<td>“I’m just on Blog Spot, and I do blogging about bartending because I enjoy that.”</td>
</tr>
<tr>
<td>/Linked In</td>
<td>4</td>
<td>e.g., Gmail; Yammer; Tumblr; Google Docs and Blackboard. Frequency mention of each was 1 or 2</td>
</tr>
</tbody>
</table>

On the other hand we discovered that informants were not as comfortable using unfamiliar platforms such as LinkedIn or Yammer, even those who had been explicitly exposed to these sites in the course of their studies. Not only were respondents averse to using unfamiliar digital channels, they displayed a decided lack of curiosity about these platforms. This finding indicates that the media’s perception of Gen Y being inherently drawn towards all new technologies and willingly integrate with them (Nash and Mackay, 2007) is potentially flawed and needs greater scrutiny. The comments also highlight the reluctance of many students to interact on Blackboard and Google Docs, which contradicts Autry and Berge’s (2011) view that Gen Y enjoys engaging on educational platforms such as Blackboard. In fact, they only
appeared comfortable when using social media like Facebook or Gmail. This evidence suggests that Gen Y marketing students lean mainly towards the use of mass social media sites and applications, and the engagement with technology is more self-contained, passive, and mediocre (Livingstone, 2009).

**Students’ understanding of digital marketing**
Contrary to popular beliefs (see. Palfrey and Gasser, 2008; Fisher, 2012) we discovered that when respondents were asked to demonstrate their understanding of how digital technology could be used to undertake marketing activities, they did not have a deep understanding of how to do so. Student comments (Table 3) indicate a tendency to reiterate current digital marketing ideas, such as liking and sharing a page on Facebook, or sending customers an e-newsletter. This challenges Murray’s (2007) notion that Digital Natives are more likely to create new digital content because of their familiarity with current digital technologies.

The most popular digital platform amongst students was Facebook, with informants citing it 25 different times (see Table 1) as a good platform upon which they could conduct marketing activities. It is evident that students largely perceived digital marketing as the use of social media; however their understanding of social media platforms appeared largely superficial. Combes (2009) also found similar results when gauging how Gen Y used the internet for information-seeking. This coincides with Selwyn’s (2009) finding that Gen Y are not the active creators of content but the passive consumers of knowledge on the internet (see also, Combes, 2009), and leads to the notion that online consumption does not necessarily translate into online creativity.

**Table 3. Understanding Digital Marketing**

<table>
<thead>
<tr>
<th>Sub Code</th>
<th>Category</th>
<th>Frequency</th>
<th>Quotes</th>
</tr>
</thead>
</table>
| Digital  | Social media   | 16        | “I’m not really into digital...like I don’t know any digital terms or anything.
All I know is social media. For me anything related to the internet is digital marketing, and I haven’t really learnt about it that much.” |
| Integrated| Integrated approach | 4     | “I think that digital marketing will become more integrated in the next few years, and there will be more platforms to actually channel your campaigns.” |
| Activity | Advertising    | 10        | “I think that digital marketing is a lot cheaper because you have that mass media production of, you know, either posting on Facebook or posting on Twitter. But I believe that it’s a lot harder to segment target markets online.” |
| Activity | Promotion      | 9         | “You could offer them promotions, like ‘Buy one get one free’. Or they could sign up for a newsletter, and we could send them updates.” |
| Benefits | Larger reach   | 5         | “I would create Facebook pages because you have a lot of young people who are active on it. I would also do viral marketing.” |
| Benefits | Increase engagement | 2        | “I like to get people involved, so I would record videos to put on YouTube and then get people to like it and share it, so that you create a...” |
Students’ perception of changes to digital marketing over the coming decade

Students largely conceptualised ‘change to digital marketing’ as changes to the way marketing communications were carried out via online platforms (Table 4). This suggested that students perceive digital marketing as social media initiatives, and they have a superficial understanding of these concepts. This lack of deep understanding was portrayed by the students’ inability to give reasons for why they perceived that specific marketing changes would occur, or how these changes might improve digital marketing, or even marketing overall. It was also evident that students struggled to assess the feasibility of their ideas. While some of these shortcomings can be attributed to their age (Bennett, 2013), it does appear that this strata of marketing students may be struggling to apply their understanding of digital technologies to broader contexts supporting the work of Rudin (2014) who states that ‘while (Gen Y) may understand the technology and how to operate it, it doesn't mean that they have the expertise to implement programs that require business-level understanding.’

Table 4. Perceptions of the Future of Digital Marketing

<table>
<thead>
<tr>
<th>Sub Code</th>
<th>Category</th>
<th>Frequency</th>
<th>Quotes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated</td>
<td>Other technology</td>
<td>6</td>
<td>“In the future we might have a commercial made using 3D printers. Everyone might go online and grab a template and maybe before buying something they might look at the product, print it out, and if they like it they will buy the real thing.”</td>
</tr>
<tr>
<td>Integrated</td>
<td>Integrated approach</td>
<td>3</td>
<td>“Everything in the future will be a bit more connected – emails, documents, social life. Like I view the internet as one big phone and I think that everything will be connected somehow.”</td>
</tr>
<tr>
<td>Digital</td>
<td>Social media</td>
<td>3</td>
<td>“Something like Facebook which has the largest social network in the world will become a more prominent marketing tool. And perhaps websites will go out of fashion in a few years, because I see them as being almost an inconvenience, like you have to go on a special website and it is more effort. Whereas social media may be a better way to reach customers.”</td>
</tr>
<tr>
<td>Digital</td>
<td>Apps</td>
<td>2</td>
<td>“I think that maybe in 10 years we will like use more than the internet, like each fashion store might create their own apps, and a corporate app, and we might go through these apps to get the latest news and information from that company.”</td>
</tr>
</tbody>
</table>

Implications and Conclusion

This study evaluated the popular claims regarding the digital prowess of Gen Y, and sought to explore Gen Y marketing students understanding of digital technology and the relevance to
the marketing discipline. The media views Gen Y as creative, high end users of technology, who can engage with a wide range of technologies on a deep level and conceive various ways to use these technologies (Prensky, 2001a; Murray, 2007; Topsfield, 2010). However, our results paint a different picture. Our informants generally displayed some engagement with commonly used and familiar technologies such as Facebook that have simple navigation and communication tools. Social media sites and Apps were the most popular amongst students, who largely used these as means of self-expression. When faced with unfamiliar digital tools we found that students were commonly reluctant users, and sought to avoid using new platforms where possible or they toured these sites superficially, but rarely stayed. Additionally the respondents would use social media like Facebook to moderate their interaction on other sites like Blackboard. Furthermore students demonstrated a surface-level understanding of digital marketing. For example, when asked about how digital marketing could be carried out now and in the future, most were highly uncreative; stating ideas based around a very limited set of existing platforms that they had experienced as digital consumers.

According to the Marketing Learning Outcomes Working Party (2012) marketing graduates are expected to be familiar with a range of emerging technologies and digital practices, which they can utilise in the course of marketing activities. However, we found that our student informants were generally unaware of new digital platforms, and showed a narrow understanding of digital marketing, and applied this understanding in limited ways (most often placing themselves only in the role of the consumer, as opposed to thinking about it from the perspective of a marketer). This stance is far from ideal for marketing graduates who need to be at the forefront of innovation (Marketing Learning Outcomes Working Party, 2012). Consequently, we advocate that digital marketing and design be taught more explicitly in marketing courses. Our hope is that by exposing students to a broad range of digital tools, and digital communications design, marketing students will become more comfortable using new technologies, which may lead to more successful graduate outcomes.

References
Research Impact in Marketing: A Comparison of the Top 500 Universities in Australia, New Zealand, Canada, the UK and the USA

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Abstract
The methods used to evaluate the research performance of marketing academics is a controversial issue, as they can lead to different rankings. Here we use citation metrics to measure research impact, updating and extending earlier research (Razzaque and Wilkinson, 2007; Soutar 2013a) and providing research impact benchmarks based on a study of marketing academics and marketing departments from the top 500 universities in Australia, New Zealand, Canada, the UK and the USA.

Keywords: top universities research performance, marketing, citations, Google scholar
Track: Marketing Education

1.0 Introduction and Background

Assessing research and researchers is a vexed issue and, in an age when there is an increasing focus on measuring research performance, the metrics used matter. There is an old saying that you cannot manage what you cannot measure. This logic underlies much of the recent effort to assess researchers and to allocate research funds. While there is some truth in this statement, there is a downside because, once you measure something, many people try to manage the measures and this can lead to distortions and misleading information.

There are two major dimensions of research performance dimensions – quality and impact. “Quality” refers to: the nature, significance and novelty of the contribution to knowledge; the level of scholarship reflected in the paper; the complexity of the research problem addressed; and/or the sophistication, complexity and novelty of the research methods. “Impact” refers to academic impact, its use and acceptance by other researchers which, it is argued, indicates the progress of science. There are other dimensions to impact (e.g. on society and business) but these are not considered here. An oft-used proxy for quality is the prestige of the journals in which a paper is published, sometimes determined by rankings such as the Australian Council of Business Dean’s (www.abde.edu.au). Other indicators of researchers’ quality include distinguished membership of learned societies, doctoral degree university, research awards, research paper awards, invited papers and keynote addresses. Impact can be assessed holistically and qualitatively (e.g. as occurred in marketing in the last research quality assessment exercise in Australia). However, it is more commonly measured in terms of citation metrics, as it was for many of the disciplines in that assessment.

Citations are the “gold standard” of scientific impact and are also used as a proxy for quality because quality and impact are linked. Over a very extended period, there has been a substantial literature and considerable debate through science and bibliometric literatures about the validity (e.g. MacRoberts and MacRoberts 1989), reliability (e.g. van Raan 2005) and value (e.g. Bourmann and Daniel 2008) of citation metrics and at what level of aggregation these metrics can be appropriately used (Seglen 1997). While high quality papers or researchers are likely to have high impact this is not always the case. Particular papers and researchers who do well on research quality measures (i.e. have published many papers with a
A high percentage of them in A* and A rated journals) may not do as well in terms of citations. This can occur because it takes time for a contribution to be appreciated and because some research is in niche areas with a limited number of active researchers (e.g. macro marketing, historical studies, esoteric research methods). In addition, citations have been criticised as measures of research quality because they can be inflated for the wrong reasons (e.g. when they are cited for their errors, because there are “rubbish citations” from low quality non-academic sources, or they are self-citations) (Bornman and Daniel 2008, Smith 1981). However, research into citation patterns indicates that these issues have little impact on summary citation metrics such as the h-index or the g-index (Harzing 2010). A further issue is that of journals’ gaming the citation metrics by asking researchers to include more citations to papers published in their journal before a paper is published. This strategy can enhance the citation metrics of some journals and partially explain their rapid rise in perceived status (Seglan 1997). However, this raises a somewhat different set of issues than citation analysis of particular articles, authors or departments and is not the focus here.

With these limits and issues in mind, the purpose of this paper is twofold. First, the paper illustrates insights that can emerge from citation metrics of marketing academics at different ranks in Australia and New Zealand. Second, we compare the research performance of senior marketing academics and departments in Australia, New Zealand, the USA, the UK and Canada that are in the top 500 universities in the world. This extends previous research on the performance of marketing academics in Australia and New Zealand (Razzaque and Wilkinson 2007, Soutar 2013a).

2.0 Methodology

Google Scholar (GS) citation metrics were used to measure the academic impact of individual researchers and marketing departments in these five countries, because GS “generally results in a more comprehensive coverage in the area of management (including marketing)” (Harzing and van der Wal, 2008, p.72). GS is publically available and includes more journals than Thomson’s ISI or Scopus and it also includes non-English language journals (Harzing 2010, Meho and Yang 2007).

In order to compare like with like, we included academics employed in research intensive universities, which were defined as those institutions in the Academic Ranking of World Universities (ARWU) in 2013 in which marketing was taught. We included those listed on university lists in May 2014. This resulted in a sample of 2264 marketing academics from 195 universities (123 from the USA, 27 from the UK, 22 from Canada and 23 from Australia and New Zealand). It is important to recognise that this means the benchmarks are likely to be higher than would have been the case if a random sample of all universities from these five countries had been included in the sample.

Following Soutar (2013a), we focused on papers published this century (i.e. from 2001 to 2013) and computed three citation metrics (the h-index, the g-index and the hg-index). The h-index represents the number of papers that have that number of cites (an h-index of 10 indicates an author has published 10 papers with 10 or more citations). A researcher has an index of g if their g top-cited articles summed to $g^2$. For example, if a person’s top articles were cited a cumulative 400 times, their g-index would be 20. The hg-index is the geometric average of these two metrics. The hg-index is the most relevant, as it takes account of both the number of publications with reasonable citations and the absolute number of citations in the most highly cited publications (Moussa and Touzani, 2010). Further, Soutar (2013a) used this
metric in his benchmarks of Australian marketing academics. Consequently, the use of the hg-index here enabled some direct comparisons to be made.

### 3.0 The Results

As was the case in Australia, there was considerable variation in the hg-index scores obtained. For the five countries the index ranged from zero to 77, with an overall mean of 11.07 and a median of 9.17. This suggests a skewed distribution, which was not surprising, as all prior research suggests research productivity and impact is skewed (Soutar, 2013a). Indeed, a General Pareto distribution fitted the data well, suggesting it is appropriate to use the median as an average and to look at percentiles when considering benchmarks. Further, it seemed that there were differences between the impact of more junior academic staff and more senior academics staff. If this is so, benchmarks should reflect these differences. In order to make these comparisons it was necessary to divide the academics into similar groups. As the USA was by far the largest group, it was decided to compare three academic levels based on their academic levels (i.e. Full Professor, Associate Professor and Assistant Professor). While some might argue, it was decided to include the level D and Level E Australian, New Zealand and United Kingdom academics in the Full Professor category and to assume level C academics were equivalent to Associate Professors and Level B academics to Assistant Professors for present purposes.

Significant differences exist in the mean hg-index across academic ranks \((F = 466.01; p<0.001)\). Full Professors had more impact (17.20) than did Associate Professors (10.08), who had more impact than did Assistant Professors (5.01). Scheffe’s test confirmed that the three levels were all statistically different from each other. Benchmarks were therefore developed for each level, as well as for the sample as a whole. These benchmarks, which can be seen in Table 1, provide useful information for evaluating marketing academics in Australia and New Zealand. For example:

1. Any Assistant Professor (level B academic) who has an hg-index of 10 or higher is in the top 10% of such academics for these five countries (in top-rated Universities), but would also be in the top 50% of Associate Professors (level C academics). There are two such academics in Australia and New Zealand, who are both employed at different universities.

2. Any Associate Professor (level C academic) who has an hg-index of 15 or higher is in the top 25% of such academics, but would also be in the top 50% of Full Professors (level D and E academics). There are five such academics in Australia and New Zealand, who are all employed at different universities.

3. There are four Level E academics with hg-indexes of 39 or higher, putting them in the top 5% of Full Professors, who are all employed at different universities. A further six Level E academics have hg-indexes of 31 or higher, putting them in the top 10% of Full Professors, who are all employed at different universities.
Table 1: Google Scholar Benchmarks by Academic Level (hg-index) - Top 500 Universities in USA, Canada, UK, New Zealand and Australia

<table>
<thead>
<tr>
<th></th>
<th>Assistant Professor</th>
<th>Associate Professor</th>
<th>Full Professor</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mean</strong></td>
<td>5</td>
<td>10</td>
<td>17</td>
<td>11</td>
</tr>
<tr>
<td><strong>Median</strong></td>
<td>4</td>
<td>9</td>
<td>15</td>
<td>9</td>
</tr>
<tr>
<td><strong>75th Percentile</strong></td>
<td>6</td>
<td>13</td>
<td>23</td>
<td>15</td>
</tr>
<tr>
<td><strong>90th Percentile</strong></td>
<td>10</td>
<td>19</td>
<td>31</td>
<td>24</td>
</tr>
<tr>
<td><strong>95th Percentile</strong></td>
<td>13</td>
<td>22</td>
<td>39</td>
<td>30</td>
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<tr>
<td><strong>96th Percentile</strong></td>
<td>14</td>
<td>23</td>
<td>40</td>
<td>31</td>
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<tr>
<td><strong>97th Percentile</strong></td>
<td>15</td>
<td>24</td>
<td>43</td>
<td>35</td>
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<tr>
<td><strong>98th Percentile</strong></td>
<td>16</td>
<td>29</td>
<td>46</td>
<td>39</td>
</tr>
<tr>
<td><strong>99th Percentile</strong></td>
<td>17</td>
<td>33</td>
<td>56</td>
<td>44</td>
</tr>
<tr>
<td><strong>Highest Score</strong></td>
<td>24</td>
<td>44</td>
<td>77</td>
<td>77</td>
</tr>
<tr>
<td><strong>Number</strong></td>
<td>774</td>
<td>599</td>
<td>890</td>
<td>2263</td>
</tr>
</tbody>
</table>

The impact of individual university marketing departments was also examined for universities ranked in the top 500 in the world in Australia, New Zealand, the USA, the UK and Canada. We computed the average hg-index for full professors of marketing. We did this because the main impact and reputation of a department tends to be based around senior academics and because we did not want to disadvantage Universities with large departments with many junior academics with presently low(er) impact. Table 2 shows the mean hg-index scores by country and overall.

Table 2: Average Department hg-index for Full Professors by Country

<table>
<thead>
<tr>
<th>Country</th>
<th>USA Mean</th>
<th>UK Mean</th>
<th>Canada Mean</th>
<th>ANZ Mean</th>
<th>Overall Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Departments</td>
<td>8 1</td>
<td>9 1 1</td>
<td>1</td>
<td>3</td>
<td>114</td>
</tr>
<tr>
<td>Mean</td>
<td>17.10</td>
<td>17.98</td>
<td>15.91</td>
<td>17.24</td>
<td>17.07</td>
</tr>
<tr>
<td>Median</td>
<td>17.01</td>
<td>17.98</td>
<td>14.39</td>
<td>16.21</td>
<td>16.71</td>
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<tr>
<td>75th Percentile</td>
<td>21.09</td>
<td>25.96</td>
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<tr>
<td>90th Percentile</td>
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</table>

To ensure reasonable numbers in the averages, only departments with four or more such academics were included. The averages were virtually the same for all countries and a Kruskal-Wallis test, which was used because of the small numbers of universities in all but the USA, found there were no significant differences (p=0.82), suggesting senior academics in these countries had very similar impacts. There was one university from Australia and New Zealand in the top 10%, another two in the top 25% and another two above the median, which is about what would have been expected given the number of universities from the various countries.

So as to include all academics and in the spirit of the Net Promoter Score (Reichheld, 2003), a Net Impact Score was computed for each department. This score was computed by
subtracting the percentage of academics who had an impact of the median or less for their academic level from the percentage of academics who had an impact of the eightieth percentile or more for their academics level, ignoring those academics with impacts in between these two groups. A higher score implies a department had greater impact. A further non-adjusted Net Impact Score was also computed as a measure of “overall” impact. To ensure there were reasonable numbers in these departments, only those with ten or more academics were included in the analysis. Table 3 shows the mean adjusted and non-adjusted Net Impact Scores by country. In this case, ANZ seem to lag, suggesting the “tail” is longer in these two countries. This view was supported by the Kruskal-Wallis test as both were significant beyond the 5% level in this case.

<table>
<thead>
<tr>
<th>Country</th>
<th>USA</th>
<th>UK</th>
<th>Canada</th>
<th>ANZ</th>
<th>Overall</th>
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<tr>
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<td>15</td>
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<td>0</td>
<td>2</td>
<td>7</td>
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<tr>
<td>Adjusted Net Impact Score</td>
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<td>21</td>
<td>39</td>
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<tr>
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<td>40</td>
<td>47</td>
<td>45</td>
<td>32</td>
</tr>
</tbody>
</table>

4.0 Discussion and Conclusions

The results provide some insight into the relative research performance of marketing academics in Australia and New Zealand and of the relative performance of marketing departments in the top 500 universities in Australia, New Zealand, USA, UK and Canada. These are the countries in which much research in marketing is conducted and published. While the USA did lead on some aspects, other countries have marketing researchers and departments that are clearly world class. Australia and New Zealand fared well, as there was no difference in “full professors” impact, although there was a longer tail. These kinds of data can and should inform government assessments of universities, such as ERA rankings, and can also aid universities and academics in judging research performance. There is much that can be done to extend this research and we have collected additional data not reported here. This includes data for other countries and we are in the process of gathering data on the prestige of the journal in which papers are published in order to make comparisons with the results of the citation analysis reported in this paper.

References


Active, case-based and problem-based learning: One ‘recipe’ examined in arts marketing

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Abstract
Academics and industry alike recognize the need for students of marketing to develop both their knowledge of the marketing field, including theories, frameworks and terminology, but also the ability to apply this knowledge to recognize and solve problems in the real world. To this end, specific learning approaches have been advocated, including calls for active learning, problem-based learning and integration of case studies. These approaches are designed to build in the ability for students to link their experience and knowledge with real problems, to practice applying the tools and frameworks and to develop their problem solving skills. This paper examines one ‘recipe’ which combines these elements in an elective course in arts marketing.

Keywords: Active Learning, Arts Marketing, Experiential Learning, Problem-based learning, Case-based learning
Track: Marketing Education

Acknowledgements: The authors wish to acknowledge Christina Barton, Director of the Adam Art Gallery for her continual support of this course, and her enthusiasm in annually welcoming 100 or so marketing students into the gallery space.

Introduction
Industry and academia agree that students of marketing need to both understand the theory, and apply it to real situations. The importance of application is discussed in line with a series of skills industry notes may be lacking in marketing graduates: “detecting and framing problems, developing alternative solution hypotheses, gathering and analyzing information, interpreting results and, finally, making recommendations to solve problems” (Diamond, Koernig, & Iqbal, 2008, p. 116). The applied or “soft-applied” (Becher, 1994) nature of the field of Marketing is clear, where both knowing theory and having the ability to practice application of the theory is essential. Therefore, it is of course necessary to teach both the theory and the application. This is not a new concept and marketing educators are well aware of this, but the difficulty of getting the ‘recipe’ right, balancing the theory with the application, getting the knowledge across while giving students an opportunity to practice implementing the knowledge, presents its challenges. This paper considers specific learning approaches - active learning, problem-based learning and the integration of case studies - and examines the delivery of an elective course in arts marketing, in light of these approaches.

Background
A number of complementary learning approaches have been suggested as contributing to successful outcomes in applied fields. The concepts to be examined here include active learning, problem-based learning and the integration of case studies. Higher education experts have advocated for emphasis on active or experiential learning, rather than surface or passive learning (Biggs & Tang, 2011; Kolb, 1984; Ramsden, 2003). This has similarly been promoted in marketing education literature (Diamond et al., 2008). In active learning “students actively engage with the information being presented and personalize it by linking it to what they already know” (Diamond et al., 2008, pp. 117-118). In this approach the student
become “actively involved with an experience and then reflecting on that experience (Elam & Spotts, 2004, p. 50).

An approach aligned with active learning is case-based learning. This has long been in use, especially in professional, applied fields such as Marketing. As an approach it “is concerned with bridging the gap between theory and practice, between declarative and functioning knowledge” (Biggs & Tang, 2011, p. 163). With case-based learning, students are presented with a “real” situation, which is either described for the purposes of the students’ discussion and analysis (a descriptive case), or is described and presented by way of a problem to be addressed by the students (a decision case) (Erskine, Leenders, & Mauffette-Leenders, 1998; Leenders & Erskine, 1989). An alternative to the more formal written case is the live case. In a live case study, students work with managers in an organisation to address a real problem, thus making this an even greater opportunity for experiential learning (Elam & Spotts, 2004).

Often associated with the use of case studies, is problem-based learning (PBL). In fact, cases which present a situation and a problem to the students and put them in a position of having to resolve this problem, is an approach aligned with PBL. PBL is different from just problem solving, although it incorporates problem-solving skills noted to be crucial for Marketing graduates (Diamond et al., 2008; Hopkins, Raymond, & Carlson, 2011). With PBL the context is described in depth, presenting a real situation which calls for students to draw on concepts they have learned and new knowledge they acquire in addressing the problem. A good problem for PBL calls on a variety of disciplines, raises a number of options, and stimulates participation and self-directed learning (Biggs & Tang, 2011). A component of a good problem for PBL is the “real-life” nature of the problem, which at times may take the role of an authentic assessment. This type of assessment is one which addresses a real-life situation and causes the student not to just reiterate their acquired knowledge (declarative knowledge), but to actively apply this knowledge to a problem/situation, and therefore assesses functioning knowledge (Biggs & Tang, 2011).

A Structure for Learning in Arts Marketing
An elective course with its challenges and opportunities

The course for examination is a third-year elective course in Arts Marketing. This course was initially established in 2006 as a special topic to give marketing students an additional option for their electives that would build on existing knowledge and support their success in future education and careers. Another rationale was to introduce a course which would benefit arts students taking marketing as a minor or second major. In addition, the Faculty wanted to build on its strengths being located in Wellington, New Zealand, a city known for its thriving creative and arts sector.

The rationales noted above however also presented challenges. The course needed to be positioned and delivered in a manner which would balance a number of potentially conflicting purposes and audiences, as both marketing/business majors and students in the arts and humanities were sought, and regularly a small but important number of students majoring in theatre, visual arts, music and design attended. The course also faced the challenge of developing effective learning for a wide range of abilities, with roughly half of the students in the final stages of their marketing degree, and the remainder having just completed the minimum prerequisites. Therefore, in planning the learning it was essential that the course appeal to students from a variety of backgrounds and experience in the arts, as well as to students from a variety of knowledge-levels in marketing.
The course was designed to balance marketing knowledge, especially that specific to arts marketing, with a case-based approach. Cases examined and discussed were all from the non-profit arts sector, however in the student assignments a broader scope was given, allowing students to examine and propose marketing of profit-oriented arts businesses such as concerts and popular music festivals. To try to level the playing field in terms of arts experience, students were encouraged to attend arts events they might not otherwise attend, to gain their own experiences. Students were especially encouraged to visit the University’s Adam Art Gallery (AAG). The gallery curates and houses exhibitions featuring a wide range of art, but largely what many might refer to as “contemporary art.” This offered a particularly interesting scenario as a contemporary art exhibition is one of the more difficult activities to which to draw visitors (oxgenmedia, 2003). Over time the integration of the AAG into Arts Marketing has grown and developed, with small experiments being tried and evaluated to seek out the best way to include the AAG for the benefit of student learning. The following section examines the most recent permutation of this integration.

### AAG and Arts Marketing “v.7”

In 2014, the seventh offering of Arts Marketing was delivered. The specific details of this integration are summarised in Figure 1. This is not presented as a “perfect” scenario, and issues and future opportunities will also be discussed. However, the integration does exhibit a series of student activities which met the challenges noted above and which encouraged active, case-based and problem-based learning in the field of Marketing. Overall, the integration of the AAG was designed around the problem-based learning question: **How could you effectively market the Adam Art Gallery?** Student activity was designed to encourage students to step into the shoes of the consumer, as well as those of an arts marketer. The initiative could be examined in terms of five stages, of student activity, culminating in the final assessment and final exam.

### Stage 1: An in-class survey.

Early in the course an in-class paper-based survey was delivered to students, asking them about their attitudes towards contemporary art, perceptions of the...
AAG and demographic questions (majors, age, gender). This was designed to capture a measurement for later comparison, but also to have the students engage in self-reflection, considering their own thoughts and perceptions about contemporary art and the AAG.

Stage 2: A class field trip. In the week following the survey, a class field-trip was planned to the AAG during class time. Enough time was given to the class to get to the gallery, listen to a talk by the gallery director and exhibition curator, and walk through the exhibition. This was designed to give the students a fresh perspective on what it is like to be a visitor at a contemporary art gallery, but also through the director and curator talks, gave the students insight into the context, the management and wider challenges of the AAG.

Stage 3: A post-visit survey. Following the visit, students were asked to complete another in-class paper-based survey similar to the pre-visit survey, but adjusted to capture post-visit responses (such as impressions of the AAG). Again, this prompted the students to engage in self-reflection. However, with the analysed results later provided to the students, they were also able to look for broader patterns.

Stage 4 & 5: Class discussion. In the sessions following stage 3 students were encouraged to discuss the concepts and frameworks introduced in the course, in light of their personal AAG experience as well as the quantitative data from the surveys. The application of this shared experience is limited only by the field of marketing and the imagination. For example, the class discussed their general impressions, forming something of an impromptu focus group. The class also considered the arts as a service, and worked to develop a service-flow diagram, with the initial starting point for this being their own experience. Once the analysed results were made available (stage 5), the class considered their experience, the data, and available arts consumer knowledge to identify key target markets for the AAG, and understand consumer behaviour concepts associated with this segment (for example perceived risks). Students also used their experience and the data to help generate ideas on the current perceptions University students may have of the AAG, and the desired positioning. More specific communication ideas were also generated, for example, the class was challenged to come up with one key message they would want to communicate to a market segment for the AAG. For each of these tasks, the students were encouraged to first work in small groups, with ideas then feeding into a larger class discussion.

Stage 6: Final assessment and final exam The AAG did not form a component of their assessment or final exam, however it did provide an example of what was expected in the assessment and in the exam. Both items of assessment charged the students with understanding an arts organisation or event, making decisions and building an understanding of market segments, developing positioning and making recommendations for the marketing mix. In this sense, the students received formative feedback on the application of ideas to the AAG within the class discussion prior to completing their final project. They then received further feedback on the final project, prior to the final exam (summative assessment), which was also designed as a case-study.

As authors in higher education teaching and learning point out however, it is not what we (as teachers) do that is important, but what the students do (Ramsden, 2003). While this approach was motivated by a student-learning focus and orientation, the ultimate determination of success lay in the students’ actual learning experience. Investigation of some limited data reveals support for this approach. In each of years 2011 to 2014, student grades on average improved 4 percentage points from the individual assignment to the final exam (on average
improving from 65.79 to 69.795). Overall course ratings have always been consistently high - achieving a top or one of the top scores in the 300-level. Student comments received via the formal teaching evaluation process also have consistently noted the appreciation for the use of authentic examples and resulting discussion (which would have included the AAG). In response to the question “List 2-3 things that this teacher did that stimulated and/or helped you to learn” comments included: “Provided real world examples” (2012), “The case studies/examples that we go through in class were helpful to better understand a particular concept / application” (2012), “Has open discussion in class for everyone to communicate their ideas” (2013), “The different case studies helped to make the concepts clear and made the course more interesting” (2014). Some students even specifically noted the integration of the AAG. For example, in response to the same question noted above, comments included: “The field trip was a good change from the classroom” (2013), “Trip to Adam Art Gallery was good - got to see what we were learning about” (2014).

Discussion

The above integration of the AAG into Arts Marketing sought to adopt a number of learning approaches, and appears to have achieved this to some extent. To begin, it promoted an active learning approach, providing the students with a real, tactile experience on which they can base their discussion and decisions. It also encouraged the students to draw on their own marketing knowledge, personal experience and class-wide data, to address the challenges of marketing a contemporary art gallery. While the example and problem were ‘real’ it was managed in the classroom discussion so as not to be so complex that it interfered with learning (a problem noted at times in experiential learning (Elam & Spotts, 2004)). The structure took a variation on the idea of case-based learning. Rather than a formal write-up of a case, with the background, problem and data provided in a neat package, this course delivered a variation on the “live case.” While live case studies have been used and advocated for in the past (Elam & Spotts, 2004), this exercise did not go as far as actively working with managers. While this limited the student involvement in some respects, it was also more manageable than many live cases (Elam & Spotts, 2004; Zych, 2013), and served as a useful example on which to base discussions and contribute to providing the students with examples and formative assessment. It allowed the students to engage in a real and authentic company, issue and problem.

Incorporating a problem-based learning approach, challenged the students to address a specific problem, arming them with tools and knowledge which they could apply, as well as experiences they could draw from, and encouraging them to participate in a larger discussion which invited them to explore the problem, and generate ideas for solutions. A strength of this initiative was that it encouraged the students to use their own experience and own intuition in marketing. In addition, the initiative also contributed on a more general level to creating a positive social space - with students sharing an experience, and being encouraged to discuss their experiences and impressions. This social element is discussed by academics as contributing to the development of critical thinking in students (Brookfield, 1990).

As well as being informed by higher education teaching and learning theories and the specific approaches noted, there were a number of more specific aspects to this integration that aided in its success. To begin, it created a shared experience for the class. Thus, whether they had experience in other arts forms, or no experience at all, the AAG being a sadly (but conveniently for this course) poorly attended contemporary art gallery, tended to level the playing field in terms of the students’ own personal knowledge. Secondly, it was based on an extremely challenging problem: attracting visitors to a contemporary art gallery and exhibit.
Contemporary art is often seen as challenging, intimidating, pretentious and unappealing (oxigenmedia, 2003). Attracting visitors is what, in the industry, is called a “tough gig.”

Thirdly, the initiative had the support of the AAG, and the involvement of the director and curator; having this inside knowledge and participation by way of an introduction to the gallery lent extra authenticity, and more insight into the context of the AAG.

The initiative was not without its issues and challenges, suggesting room for improvement. The development, delivery and presentation of the in-class survey was time-consuming both for the students and the staff. The students did not seem to respond positively to a second rather similar survey following the visit, and all were aware that the sample was very restricted. On reflection, this second survey, while indicating some change in attitudes and perceptions, is not essential to the learning experience. The initial survey provides sufficient detail for some decision-making. However this initial survey will in future years be augmented with data from a wider sample, such that it is not restricted to the Arts Marketing class, thereby enhancing the authenticity of this particular component.

A second challenge was the in-class discussion. The shared experience provided a basis on which to apply concepts, and engage in group work and class discussion; however each student has their own interpretation of their experience, and the discussion was often unpredictable. It was crucial that the students be encouraged to actively participate in the discussion, and that the lecturer manage the discussion in terms of topics needing to be covered and the time allocated. This was exacerbated by a relatively large class size of 100 students in the past year, and a classroom “lecture-style” layout which did not encourage discussion. A two-hour class time and experienced lecturer assisted with this facilitation, but it was not ideal. At times the participation needed more encouragement or the discussion took much longer than expected, necessitating changes in other aspects of the course.

The examination above suggests that this method of integration fulfils a number of desired techniques in marketing education. It is learner-focused, presents an authentic case-based problem, and it promotes and encourages problem-based and active/experiential learning. The result was a highly participatory class, with a shared experience, contributing to a strong social element and a positive environment. However, there remain challenges and opportunities, some of which may be addressed, and others such as class size which are expected to be an increasing problem as Universities face budgetary pressure, and large classes prove an efficient mode of delivery.

Any initiative needs to be reflected upon, measured, evaluated, subjected to critique and revised appropriately. This initiative is no exception, and further testing and more efforts to gather specific data are in process. However, the above initiative is presented as an example, on which further ideas and insights could be built. Consistent with a learner-based approach, and Brookfield (1990) teachers need to do more than be clear about why they teach, and have a clear idea of what they wish to teach, they need to be “willing to adjust the means by which [they] think it best to [teach]” (p. 23). This example and discussion is therefore presented with the hope that it may encourage further ideas, elaboration and adjustment in the interest of student learning.

References


The lecture as an ‘ecosystem’ for experiential learning and inclusivity

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Abstract

This paper presents the case study of a key undergraduate marketing module (Brand Management) to illustrate how a traditional teaching method, the lecture, can be shaped into a suitable ‘ecosystem’ for experiential learning and inclusivity. In relation to the realisation of experiential learning, this paper discusses the impact on student perceptions and on the overall perceived motivation of constructive alignment, research-led teaching, flexible modes of knowledge transfer and the use of technologies. In relation to inclusivity, this paper highlights the impact on student perceptions and on the overall perceived motivation of a series of teaching innovations aimed at reducing the gap between academia and the industry (e.g. tailoring the learning objectives around the skills required for future managerial positions and shaping the assessment as a mock-up internship). The paper also includes a set of practical recommendations for the applicability of similar approaches to other undergraduate and postgraduate marketing courses.

Key words: Teaching innovations, experiential learning, inclusivity, student motivation.
Track: Marketing Education

Introduction

In the early ‘00s, Skelton (2002) pointed out that the student population in higher education was starting to become more and more heterogeneous in terms of student needs and motives. Arguably, this trend is exemplified by a rather obvious ‘shift’ in the factors that underpin the choice of university degrees that has characterised the higher education industry. That is, the fact that an increasing number of students seem to be choosing university degrees primarily with future career ambitions in mind (Maringe, 2006). Importantly, this tendency seems more pronounced in marketing and business students, as they are known to progress through their degree with a very clear view of their career ambitions (Fry, Ketteridge and Marshall, 2009). Therefore, a fundamental implication of this trend in higher education is the need to rethink traditional teaching methods such as the lecture in order to identify more suitable ways of managing student needs and motives.

Notably, experiential learning or ‘hands-on’ learning is documented to increase student motivation and student involvement to a great extent (Morgan and Brown McCabe, 2012; Chad, 2012; Pilling, Rigdon and Brightman, 2012). Similarly, it could be assumed that adopting inclusive teaching methods (i.e. teaching methods aimed at catering for diversity of all kinds, as per Glenn and Richmond, 2010) could have a positive impact on student perceptions and motivation, especially if considering a broader definition of inclusivity, such as offering to students a broader range of perspectives and transferrable skills for future managerial roles, as per Skelton’s (2010) idea of ‘mainstreaming’ education needs (see also Haigh, 2002). Nonetheless, there seems to be very little research recording how traditional teaching methods such as the lecture can be adapted for the simultaneous realisation of experiential learning and inclusivity through multiple elements of innovation. Similarly, there seem to be even fewer studies quantifying the impact of experiential learning and inclusivity on student perceptions and motivation.
In an attempt to address some of these issues, the present research illustrates how the lecture can be shaped into a suitable ‘ecosystem’ for the synergic realisation of experiential learning and inclusivity through several elements of innovation. To achieve this, this research presents the results of an online survey aimed at measuring the impact on student perceptions and on the overall perceived motivation of the elements of innovation used.

Background

Experiential learning
Kolb (1984) has provided a great contribution to the formal conceptualisation of experiential learning. In particular, drawing on psychological theories of human learning, Kolb has developed the following framework of student learning (Kolb and Kolb, 2005):

1. Learning is configured as a process, rather than an outcome;
2. Learning implies a certain degree of ‘blending’ of existing beliefs with new beliefs;
3. Learning involves the contrast of opposing ‘modes of reflections and action and feeling and thinking’ (p.194);
4. Learning is best described as an adaptation process involving thoughts, feelings, perceptions and behaviours;
5. Learning includes on-going ‘transactions’ between the individual and the environment;
6. Learning revolves around the creation of knowledge.

On a very basic level, the most tangible implication of the rise of experiential learning paradigms such as Kolb’s can be read in the fact that in the past 30 years, traditional views of teaching have been substituted with innovative teaching approaches aimed at knowledge construction, as opposed to knowledge transfer (Tormey and Henchy, 2008). As a result, it is plausible to assume that the most obvious realisation of experiential learning includes the use of teaching innovations aimed at providing real-life contextualisation, engagement with academic knowledge and the development of critical thinking skills.

In this context, traditional teaching methods such as the lecture have been identified as suitable for the realisation of experiential learning, given the possibility to ‘blend’ the construction and transfer of knowledge (Tormey and Henchy, 2008) and the possibility to promote proactive ‘individual sense making’ (Carnell, 2007). Indeed, in the instance of marketing, many scholars have highlighted the importance of experiential learning in lectures (Morgan and Brown McCabe, 2012; Chad, 2012; Pilling, Rigdon and Brightman, 2012). There are two primary reasons for this (Fry, Ketteridge and Marshall, 2009): first, the ‘modular’ nature of marketing courses (which include a gradual development of fundamental principles and basic tools into more complex theories and practices throughout a series of lectures); and second, the fact that marketing is a discipline with a strong and tangible tie with the industry. Despite the consensus around the importance of experiential learning, there seems to be very little research assessing the realisation of experiential learning in marketing lectures and its impact on student perceptions and motivation.

In line with these considerations, the present research reports on the effects of a range of teaching innovations aimed at the realisation of experiential learning on student perceptions and overall perceived motivation in the context of a key undergraduate marketing module: Brand Management. The elements of innovation used throughout all lectures for this module included:

- Mixing moments of ‘knowledge absorption’ with practical exercises based on simulations of real market analysis approaches, as well as quizzes and games for self-assessment purposes and instant feedback. This particular set-up has been selected to favour a certain
degree of constructive alignment, i.e. adjusting and blending different teaching and learning approaches and needs (see Brabrand, 2008). Overall, the proportion of time allocation to student-centred experiential learning activities was approximately 50% or more in each weekly lecture.

- Conceiving students as beneficiaries (or stakeholders) of research, as per Jenkins, Healey and Zetters’ (2007) conception of ‘research-led’ teaching based on the authors’ reflections on Griffiths (2004). This included the wide use of real research data and problems, reviewing the latest academic and industry practices in branding, as well as discussing primary research papers and examining research undertaken in the faculty.
- Presenting knowledge in a ‘nested’ format, i.e. allowing students to reach a depth of learning adapted to their needs (i.e. from ‘bite-size’ knowledge prompted through metaphors and the wide use of images and videos, to the comprehension and use of more complex theoretical and practical frameworks).
- Using technologies such as online discussion and news forums, lecture capturing and online peer assessment as a way to stretch learning beyond the weekly lecture.

As explained later on, at the end of the module, students were asked to state their perceptions and perceived impact on their overall level of motivation regarding the above elements of innovations per se and in relation to further elements of innovation pertaining to the realisation of another crucial aspect: inclusivity.

Inclusivity

In the United Kingdom, the concept of inclusivity in higher education gained momentum in the ‘90s following the report ‘From elitism to inclusion’ by the CVCP (Committee of Vice-Chancellors and Principals) and the HEFCE (Higher Education Funding Council For England). In principle, inclusivity was seen as the need to cater for student diversity of all types. However, a more up-to-date view on inclusivity is based on the idea of ‘mainstreaming’ education needs and ‘knowledge democratisation’ (Skelton, 2002), as well as on the idea of maximising students’ participation in various domains of activity (Jordan, Glenn and Richmond, 2010). In essence, the more tangible realisation of inclusivity on higher education is currently represented by curriculum internationalisation, providing students with transferrable skills and reducing the gap between academia and the industry (Haigh, 2002). Arguably, this view on inclusivity is also in line with the notion of ‘research-led’ teaching discussed above, especially in relation to the provision of transferrable skills and the need to narrow the gap between academia and real practice.

Nonetheless, there seems to be no research that has specifically recorded how to realise these aspects in the context of traditional teaching methods such as lectures. This is despite the fact that Haigh (2002) has remarked upon the importance of realising inclusivity across different levels, from course level, to curricula and schools’ level. If considered in conjunction with the fact that an increasing number of students seem to be choosing university degrees primarily from the perspective of future career ambitions (Maringe, 2006) (especially marketing and business students, as argued by Fry, Ketteridge and Marshall, 2009), this oversight seems a rather concerning gap in the context of higher education research.

In the light of these reflections, the present research analyses the impact on student perceptions and overall perceived motivation of a number of elements of teaching innovation aimed at the realisation of inclusivity. Specifically, for the module considered as a case study for this paper, inclusivity was somewhat ‘embedded’ in the way the Brand Management course was conceived, as well as throughout the delivery through specific elements of teaching innovations in all lectures.
In terms of the conception of the course, the learning objectives have been tailored around the key responsibilities of a brand manager, in order to shape the students as potential candidates for a junior-level brand management position in the industry. In the industry, brand managers are often regarded as ‘small business owners’, with many high-level responsibilities, such as monitoring the competitive landscape, developing and executing strategies to exploit market opportunities, leading a cross-functional team, and delivering sales and profit targets (Wetfeet.com).

In terms of the elements of innovations adopted to realise inclusivity, the course included a range of initiatives aimed at reducing the gap between academia and the industry, providing students with transferrable skills whilst catering for their concerns and aspirations for future careers. Among such initiatives, the most relevant one was the decision to conceive the assessment as a ‘mini-internship’, i.e. simulating to a great extent what a small branding project would actually involve in the industry, if working in a brand management team. More specifically, students were required to carry out a project with the specific aim of having to design a branding strategy for a brand that needed reviving, imagining that they had to report back to a senior brand manager. To complete this assignment, students were provided with market research data and the guidelines for conducting the analysis necessary to learn how to design and enact an actual brand management strategy. In particular, the assignment was built on the prerequisites that students have acquired throughout the semester through in-class activities, creating a useful ‘portfolio’ or ‘skill set’ similar to industry training programmes. Furthermore, the assessment was framed as a ‘competition’, with a prize system in place to reward the most original and most feasible projects on top of the grading system. A second fundamental element favouring inclusivity was the use of an industry testimony for one of the key topics discussed, i.e. branding through digital technologies. The industry guest was selected ad hoc not only as an example of a brand manager in the digital industry (which is arguably a very prominent career option for marketing students nowadays), but also as an example of a young entrepreneur and business founder, which offered to students further stimuli for their future career aspirations. A final initiative aimed at inclusivity was the setting up of the core readings for the module, which revolved around a practitioner’s manual, and then contrasting it against a conventional brand management textbook. This was a rather unconventional teaching strategy that provided a number of advantages. Above all, students had the opportunity to better comprehend the link between academic knowledge and applied knowledge, recognising the importance of what they learn in relation to their future careers.

Methods
The effects on student perceptions and students’ overall perceived motivation of the elements of innovations aimed at the realisation of experiential learning and inclusivity discussed so far were measured across the following aspects: (i) informal feedback from students collated during lectures; (ii) students’ evaluation of teaching at the end of the module (as per the national guidelines and university practices); (iii) measuring student perceptions and overall perceived level of motivation collected at the end of the module with an online survey. This survey was advertised on the course webpage and via email to all students who were enrolled in the course. The responses of 58 students (response rate was approximately 29%, although some surveys were incomplete) were analysed in terms of:

- Stated use of learning resources made available to students and perceived level of relevance of such resources to the individual learning process (multiple-response and 7-points scale respectively, with 0 representing ‘not helpful at all’ and 6 representing ‘extremely helpful’);
• Ranking of the elements of innovation (10 in total) used in the module, from most (=1) to least (=10) impactful on students’ overall perceived motivation (further analysed in a similar manner to ‘Best-Worst’ data (Auger, Devinney and Louviere, 2007), through the generation of a ‘Best-Worst’-like score for each element of innovation calculated as follows: (Count Most – Count Least) / number of respondents;

• Student perceptions measured as a level of agreement with the following statements (7-points scale, with 0 representing complete disagreement with the statement and 6 representing full agreement) analysed individually as well as an overall measure of student perceptions (i.e. through internal reliability analysis and factor analysis) with regards to the following statements:
  - “My degree and the results that I obtain are essential to my future profession”
  - “I feel like this course has enhanced my level of marketing knowledge”
  - “The quality of teaching had an impact on my learning path in this module”
  - “At the end of the day, the most important thing is getting a good grade”
  - “The approach used in this course has shifted some of my beliefs”
  - “I felt involved and excited about branding”

• Students’ overall perceived motivation (7-points scale with 0 representing ‘not at all motivated’ and 6 representing ‘very motivated’).

Results
The first two aspects measured in relation to student perceptions and overall perceived motivation have been extremely positive, with encouraging feedback given by students during the course confirmed by the formal evaluations of teaching, which were well above the school’s average and above the lecturer’s own average across previous deliveries and for other modules that were not set up as a case for innovation. Importantly, the formal evaluation of teaching at the end of the course included comments such as “My favourite lecture, so useful for my future work”, “Interesting and challenging, kept me motivated”, and “It was good to see that what we learn is relevant to businesses”, but also “Hands-on learning makes things easier to understand”, “Engaging, I wish all courses were like this” and “I felt like a brand manager”. Consistently, the outcome of the online surveys provided further quantifiable insights, which can be summarised as follows. With regards to the use of learning resources and perceived relevance to learning, the most used learning resources were handouts (used by over 90% of the respondents), followed by material on the course webpage (i.e. Q&As discussion forum, readings and marketing news, which were used by 88%, 83% and 57% of the respondents respectively), consultation with the lecturer (via email and face-to-face, used by 52% and 43% respectively) and lecture capture (used by 29% of the respondents). The perceived relevance of these elements to the student learning process is reported in Table 1.

Table 1 – Perceived relevance to learning of learning resources

<table>
<thead>
<tr>
<th>Learning Resource</th>
<th>Mean</th>
<th>St. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lecture capture</td>
<td>3.6</td>
<td>1.7</td>
</tr>
<tr>
<td>Handouts given in class</td>
<td>5.2</td>
<td>0.9</td>
</tr>
<tr>
<td>Additional reading material made available on Learn</td>
<td>5.0</td>
<td>0.8</td>
</tr>
<tr>
<td>News posted through the discussion forum on Learn</td>
<td>4.6</td>
<td>1.2</td>
</tr>
<tr>
<td>Q&amp;As addressed through the discussion forum on Learn</td>
<td>5.1</td>
<td>1.0</td>
</tr>
<tr>
<td>Face-to-face consultation with the lecturer</td>
<td>4.8</td>
<td>1.4</td>
</tr>
<tr>
<td>Consultation with the lecturer through emails</td>
<td>4.9</td>
<td>1.4</td>
</tr>
<tr>
<td>Overall</td>
<td>4.7</td>
<td>1.2</td>
</tr>
</tbody>
</table>

As regards the ranking of elements of innovations, it emerged that the most impactful elements on the respondents’ perceived motivation with learning were: the use of videos and
examples of current marketing practices, the completion of an ‘internship-like’ course work, practical exercises based on real marketing practices, the constant link towards objective facts and research, and the inclusion of quizzes and games. Respondents seemed neutral towards finding out about the lecturer’s own research experience and also stated as least motivating, respectively, the discussion of the skills required for managerial roles in brand management, the industry testimony, reading and commenting on marketing news and the contrasting of a practitioner’s manual against a classic textbook (see Table 2 for the values of the ‘Best-Worst’-like scores of each element).

Table 2 – Perceived impact on motivation of the elements of innovation

<table>
<thead>
<tr>
<th>Perceived impact</th>
<th>Best-Worst’-like scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of videos and examples of current marketing practices</td>
<td>0.29</td>
</tr>
<tr>
<td>Completion of an ‘internship-like’ course work based on real managerial tasks</td>
<td>0.26</td>
</tr>
<tr>
<td>Practical exercises based on real market analysis approaches</td>
<td>0.19</td>
</tr>
<tr>
<td>Constant link towards actual facts and objective research findings</td>
<td>0.05</td>
</tr>
<tr>
<td>Quizzes and games to test your knowledge</td>
<td>0.02</td>
</tr>
<tr>
<td>Sharing lecturer’s own expertise on the topic</td>
<td>0.00</td>
</tr>
<tr>
<td>Discussion of skills required for a brand management role in the industry</td>
<td>-0.02</td>
</tr>
<tr>
<td>Industry testimony</td>
<td>-0.05</td>
</tr>
<tr>
<td>Reading and commenting marketing news</td>
<td>-0.12</td>
</tr>
<tr>
<td>Contrasting the textbook against a practitioners’ manual</td>
<td>-0.62</td>
</tr>
</tbody>
</table>

Students’ overall perceptions across the six statements introduced earlier highlighted the highest level of agreement and explanation of variance for the enhancement of students’ own marketing knowledge, the impact of the teaching quality on students’ own learning path and the relevance to future professions (see Table 3). Finally, the average overall perceived motivation by respondents was 4.8 (standard deviation 0.8).

Table 3 – Student perceptions

<table>
<thead>
<tr>
<th>(Cronbach’s Alphas 0.578)</th>
<th>Mean</th>
<th>St. Dev.</th>
<th>% of variance explained</th>
</tr>
</thead>
<tbody>
<tr>
<td>I feel like this course has enhanced my level of marketing knowledge</td>
<td>5.5</td>
<td>0.5</td>
<td>45.8</td>
</tr>
<tr>
<td>The quality of teaching had an impact on my learning path in this module</td>
<td>5.5</td>
<td>0.6</td>
<td>24.3</td>
</tr>
<tr>
<td>My degree and the results that I obtain are essential to my future profession</td>
<td>5.1</td>
<td>1.2</td>
<td>17.0</td>
</tr>
<tr>
<td>I felt involved and excited about branding during the module</td>
<td>5.0</td>
<td>1.0</td>
<td>9.2</td>
</tr>
<tr>
<td>The approach used in this course has shifted some of my believes on marketing</td>
<td>4.9</td>
<td>0.8</td>
<td>3.3</td>
</tr>
<tr>
<td>At the end of the day, the most important thing is getting good grades</td>
<td>4.3</td>
<td>1.6</td>
<td>0.4</td>
</tr>
<tr>
<td>Overall</td>
<td>5.0</td>
<td>0.9</td>
<td>-</td>
</tr>
</tbody>
</table>

Finally, correlations across the elements measured in the survey were, at times, significant, but never larger than 0.3, especially relative to the perceived usefulness of the learning resources provided and the perceptions of respondents. However, two correlations stood out when crossing over the various elements of innovation and perceptions. That is, the course work and contrasting textbook and practitioner manual both showed a positive and significant correlation on the importance of the degree and grades to future profession (0.36 correlation, significant at the 0.05 level, two-tailed for the course work; and 0.42 at the 0.01 level, two-tailed).

Discussion and conclusions

Needless to say, the realisation of these elements of innovation was not exempt from challenges and concerns. For instance, there were on-going concerns about the need to ensure that the depth of learning was not hampered by the wide use of innovative elements. Also, the greatest challenge pertained to managing a certain degree of flexibility, i.e. adjusting the elements of innovation according to student feedback and perceived effectiveness on an on-going basis.
Nonetheless, this case study illustrates that the use of a selection of elements of innovation, as opposed to one single element of innovation, as well as using the lecture as an ‘ecosystem’ for experiential learning and inclusivity for a large undergraduate course represent a feasible and flexible model for innovation that can be easily applied to many other undergraduate marketing and business courses. In particular, lecturers could tailor lectures as an ecosystem for experiential learning and inclusivity on the basis of the peculiarities of the topics taught and on the basis of the skills required for managerial roles that could be linked with the topic. As it appears from this case study, the simultaneous realisation and the synergy of the chosen elements of innovation is likely to have a positive impact on student perceptions and motivation. Ideally, this could become a cohesive teaching approach to deploy at programme level to improve the overall quality of the learning experience and student motivation.

Accordingly, future research following the case presented in this paper will be aimed at: (i) replicating the same approach for the same module across multiple cohorts of students; (ii) replicating the same approach across other undergraduate and postgraduate marketing courses based using the lecture as a teaching method; and (iii) conducting a cross-cultural study to test whether cultural and demographic differences may lead to different outcomes.

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Websites: *Wetfeed.com*
To Bias or Not to Bias: Personality and Peer Assessment Ability in Marketing Education

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Abstract
Peer assessment is a current, much-discussed, and controversial topic in education, and, although the concept is not new, the rapid development of computer technology has boosted its use in recent years. An important question regarding the use of peer assessments concerns their validity. This paper aims to tackle the validity issue by identifying the possible influence of personality types on the ability to assess peers. The research data was gathered from a case course where 62 students made 738 peer assessments, with these peer assessments then compared with the teachers’ assessments. Finally, the accuracies of the assessments were analyzed in relation to Five-Factor Model personality traits. The results show that the assessments of the more agreeable students display a higher accuracy, and students more open to experience display a lower accuracy. Extroversion, conscientiousness, and emotional stability had no relationship with accuracy.

Keywords: peer assessment, personality
Track: Marketing Education

1.0 Background

Peer assessment is a current, much-discussed, and controversial topic in education, and, although the concept is not new, the rapid development of computer technology has boosted its use in recent years (Yang & Tsai, 2010). It has increasingly been implemented in educational settings, especially in higher education (van den Berg et al., 2006; Tsai & Liang, 2009). In addition, research into peer assessment has grown rapidly in the 21st century, with most of these recent studies dealing with the effectiveness, acceptability, fairness, or reliability of peer assessment (Gielen et al., 2011).

Peer assessment is “an arrangement in which individuals consider the amount, level, value, worth, quality, or success of the products or outcomes of learning of peers of similar status” (Topping, 1998). This might often be written work, although there are many other possibilities as, particularly in higher education, peer assessment commonly extends to the evaluation of presentations, exhibits, and portfolios, among other learning products (Topping & Ehly, 2001). It is also a common practice in group project work and communication skills development (Magin, 2001). Furthermore, self and peer evaluations are practiced in later work life; for example, various professional bodies are increasingly demanding that their members carry out an audit of their development requirements (Barthorpe, 1996). Previous research on peer assessment has seldom focused on skills, personality, or overall motivation as an explanatory factor in successful peer assessment. Moreover, the research field seems to lack studies that explore how personality traits influence students’ ability to conduct peer assessments. The aim of this paper is to tackle these research gaps.

2.0 The Use of Peer Assessment

Peer assessment may have a range of goals, and Gielen et al. (2011) state that the quality of peer assessment is highly dependent on these goals. Each goal has a different quality
criterion, and consequently reference must be made to what one is trying to achieve by implementing peer assessment. Naturally, the most obvious goal in peer assessment is to use it as an assessment tool (e.g. Gielen et al., 2011; Cheng & Warren, 1997), although the purpose may be for it to act as complementary, or even an alternative, to the instructor’s evaluation. Among others, Tsai and Liang (2009), Xiao and Lucking (2008), McGourty (2000), and Sivan et al. (1995) have shown that student peers display valid scoring that is consistent with the marks of an expert or instructor. When used responsibly, student grading can be highly accurate and reliable, thus saving teachers time (Sadler & Good, 2006; Loddington et al., 2009).

Another advantage is that it provides students with an opportunity to observe their peers throughout the learning process; consequently, they often have more detailed knowledge of the work of others than their teachers do (Somervell, 1993). Feedback from peers can be more immediate and individualized than teacher feedback, largely because there are more students than teachers in most classrooms (Topping, 2009). When peers interact to assess one another’s work, the purpose is almost always formative; the expectation is that the quality of work of both assessor and assessed will often improve due to the thinking involved and feedback provided (Topping & Ehly, 2001). Nicol (2010) reported on the benefits of both receiving and giving feedback, which for example includes developing the ability to recognize what characterizes a quality assignment and how to produce it. According to Topping (1998), peer assessment can also encourage academic staff to provide greater clarity regarding the objectives, purposes, criteria, and grading scales of assessment.

Peer assessment is widely seen as a way of learning (e.g. Nulty, 2011; Brooks & Ammons, 2003; Sluijms et al., 1998) and increasing learning motivation (Brindley & Scofield, 1998). In her study, Stefani (1994) made students evaluate the learning benefits, with 85% of the students stating that peer assessment helped them learn more. Using peer assessment assists the students in developing certain abilities, such as communication skills, self-evaluation skills, observation skills, writing skills, and self-criticism (Dochy & McDowell, 1997; van den Berg et al., 2006). Through participating in peer assessment, students gain a better understanding of the standards expected of them (Boud et al., 1999; Dochy et al., 1999).

2.1 Challenges of Peer Assessment

Throughout its history of use, one of the most significant problems with peer assessment has been its reliability and validity (e.g. Magin & Helmore, 2001; De Weber et al., 2011; Falchikov & Goldfinch, 2000; Wen & Tsai, 2008). For example, many lecturers or tutors fear that the students’ evaluations will differ significantly from their own (Stefani, 1994), and this concern is noteworthy because teacher assessments are often considered to be best in terms of reliability (Magin & Helmore, 2001). Furthermore, Brennan (2001) highlighted that issues related to reliability and validity are not only associated with the assessors, but also with the tests and assessment tools.

However, there are several ways to improve the reliability, with techniques including repeating the evaluation (De Wever et al., 2011; Brutus et al., 2013) and improving the assessment instrument gradually (Van Duizer & McMartin, 2000). However, there is a problem in that the majority of results from previous research are limited to a certain context (e.g. field of science), and cannot consequently be generalized (Bouzidi & Jaillet, 2009).
Another important challenge is the potential for biases of different kinds, and much of the criticism focuses on the relationships between students in a group and the influence of these on a student’s ability to assess his or her peers without bias (e.g. Brindley & Scoffield, 1998; Landy & Farr, 1983; Hulsman et al., 2013). A common trend is for students to inflate marks when assessing others’ work (Williams, 1992). Hulsman et al. (2013) explored the impact of personality and social reputation as sources of bias in the assessment of communication skills, and discovered that peer assessments are vulnerable to the student’s perceived personality and reputation, which is also the case when the assessors are teachers. Nevertheless, Magin (2001) claimed it is possible to conduct peer assessment procedures in which the integrity and fairness of peer marking do not suffer due to the relationships between students. Other sources of bias may include gender (Falchikov & Magin, 1997), negative attitudes towards assessing (Greenan et al., 1997), and social styles, i.e. particular patterns of actions that others can observe and agree on for describing a person’s behavior (May, 2008).

Even if students are largely in favor of peer assessment, some feel they are not able to conduct it in a fair and responsible manner (Cheng & Warren, 1997; Cassidy, 2006; Sivan, 2000; Humphreys et al., 1997). For example, Sadler and Good (2006) discovered that the grades of higher performing students may suffer when graded by others, and suggested the proper training and rewarding of students as means of ensuring the fairness of evaluations. On the other hand, poor performers might not accept peer feedback as accurate (Topping, 1998). Some students have disliked peer assessment because their raters were also competitors, and after receiving an unexpectedly low score from peers, students often reduced the previous scores they had given in a multi-step assessment process (Lin et al., 2001a). Hughes and Large (1993) found that students’ communication skills did not correlate with their ability to mark other students, although skillful students performed much better in written tests. In addition, there seems to be no research related to students’ skills or personality affecting their ability to conduct assessments, despite Topping (1998) calling for it.

2.2. Executional Perspectives on Peer Assessment

A review of the literature reveals a great variation in the models of peer evaluations used in higher education (Stepanyan et al., 2009), and their effectiveness is recognized particularly in a group context, e.g. group projects (Gueldenzoph & May, 2002). The method used in this study is an intra-group assessment, in which each student assesses the contribution of other individuals to the group work. Students have previously found this kind of assessment to be an incentive for them to contribute to the group work (Sivan, 2000). Group work and projects remain challenging to research, largely because the outcome data from this type of peer assessment are often limited to student perceptions (Topping, 1998).

Online technology and the internet have enhanced the effectiveness of peer assessments in many ways. Online peer assessments provide greater freedom of time and location for students, and if used properly, they may ensure a higher degree of anonymity and timely submissions than traditional pen-and-paper assessments (Tsai et al., 2001; Wen & Tsai, 2008; Tsai & Liang, 2009). In addition, web-based peer assessments allow teachers to monitor students’ progress at any stage of the assessment process, and from a practical point of view may decrease photocopying time and costs because the copying of assignments or forms is not required (Lin et al., 2001b). Furthermore, these methods can help students effectively gather much more peer feedback than traditional methods (Tseng & Tsai, 2007).

3.0 Methodology
The goal of this research was to explore how personality traits influence students’ performance in conducting peer assessments. The data was gathered from master-level students taking part in an intensive case course covering marketing and management topics. The small group size and lengthy duration of the course were considered ideal for a peer assessment exercise. The enrollment for the course was 62 students; they were divided into five smaller groups, each containing a maximum of fifteen students. At the beginning of the course, the students completed a 40-item, Five-Factor Model (FFM) personality test, which was used to measuring the traits of extroversion, agreeableness, conscientiousness, emotional stability, and openness to experience.

At the end of the course, the students were asked to complete a peer assessment of all the other students in their small groups, based on the 11 case sessions where all the group members were present. The students were given scoring guidelines, and their task was to score student peers on a scale of 1 to 100. This process resulted in 738 student assessments. Both the assessments and personality tests were completed online. At the same time, the teachers evaluated the students based on the same guidelines and on the same scale.

4.0 Results and Conclusion

The average teacher assessment mark was 75.5, and the average student mark was 77.6; standard deviations were 8.46 for the teachers and 8.95 for the students. Of the background variables (Table 1), only the course performance was an explaining factor for the differences in teacher and student assessments. The assessments of students performing better in the course were closer to the teacher assessments.

<table>
<thead>
<tr>
<th>N = 738</th>
<th>Course performance</th>
<th>Previous performance</th>
<th>Age</th>
<th>Sex</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>2.58</td>
<td>1.30</td>
<td>1.14</td>
<td>Female: 0.84</td>
</tr>
<tr>
<td>High</td>
<td>-.09</td>
<td>1.19</td>
<td>1.34</td>
<td>Male: 1.44</td>
</tr>
<tr>
<td>p-value</td>
<td>&lt;.001</td>
<td>.8906</td>
<td>.6665</td>
<td>.3340</td>
</tr>
</tbody>
</table>

Table 1: Background variables’ influence on the accuracy of peer assessment

The influence of personality on the peer assessment performance is seen in Table 2. The assessments were grouped to regard each personality trait at low and high levels. The low group therefore involves the assessments made by those who had a low score on a certain personality trait. The numeric scores in the table indicate the assessment difference between the students and the teacher. A positive score means that the students gave a more positive evaluation that the teacher, and vice versa.

<table>
<thead>
<tr>
<th>N = 738</th>
<th>Extroversion</th>
<th>Agreeableness</th>
<th>Conscientiousness</th>
<th>Emotional stability</th>
<th>Openness to experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>1.63</td>
<td>1.94</td>
<td>1.32</td>
<td>1.69</td>
<td>-.29</td>
</tr>
<tr>
<td>High</td>
<td>.86</td>
<td>.54</td>
<td>1.17</td>
<td>.80</td>
<td>2.78</td>
</tr>
<tr>
<td>p-value</td>
<td>.1654</td>
<td>.0213</td>
<td>.7673</td>
<td>.1291</td>
<td>&lt;.001</td>
</tr>
</tbody>
</table>

Table 2: Personality traits’ influence on the accuracy of peer assessment
While differences exist between the groups, only agreeableness and openness to experience show statistically significant differences. While the assessments of the more agreeable students are closer to those of teachers, the most significant difference involves openness to experience, as students scoring highly in that trait are more generous with their assessments. Could openness to experience relate to viewing performance in a different light, or does it allow students to interpret the scoring guide in a different manner?

A surprising result is that the conscientiousness trait, which is commonly associated with performance in a range of tasks, is not related to assessment accuracy. The difference in the influence of current versus past performance could be explained by the special nature of the case course, which is one of the most demanding offered and requires hard work and much motivation. To test this hypothesis, performance and learning goals could be included in the research setup. Another explanation for the difference could be that the students not performing well in the course rated their peers higher in the hope of getting higher marks for all the participants, including themselves.

References


The effect of collaborative learning on perceived engagement and academic outcomes

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Abstract
Educators are constantly searching for ways to engage students. Literature indicates engagement and knowledge co-creation are fundamental for deeper learning. However, the means to achieve this are less understood. In this paper, in-class participation rewards were used to stimulate out-of-class discussion and collaborative learning, the aim being to increase student engagement and positively influence academic outcomes (final grade). Using data from a longitudinal experiment, the findings show the use of in-class rewards motivates students to join an out-of-class (Facebook) group, but doesn’t influence their level of group activity. Interestingly, membership in the group didn’t result in increased perceived engagement, even though it has a positive effect on academic outcomes. The findings also show that group membership has a more positive effect on final grade for international students, despite them not being as active as domestic students during group discussions. Implications for marketing education and suggestions for future research are discussed.

Keywords: co-creation, student engagement, social media
Track: Marketing Education

Introduction
Recent studies suggest that the changing face of higher education necessitates a change in the approaches that educators require to increase student engagement and academic outcomes. This is particularly clear in the marketing discipline (e.g., Nonis et al., 2005). Growing cultural diversity, different educational backgrounds and simultaneous employment mean students are increasingly time poor. The challenge for the educator is to develop learning processes that acknowledge these pressures, but still increase classroom and outside classroom engagement to achieve high academic outcomes. Recently, blended learning has been touted as a way to foster engagement and have students actively participate. However, research on consumer involvement and service dominant logic suggests knowledge co-creation might be the key to truly engaged students. Opportunities to revise, reflect and contribute to a body of knowledge may allow students to take ownership of the learning process, the understanding of content and the value within a collaborative learning system. Ultimately, it is envisioned this would lead to more engaged students and positive academic outcomes.

Literature Review
Current literature indicates student engagement as a highly desired, yet largely elusive, goal across the education sector. Part of this elusiveness stems from the fact that student engagement is a psycho-social process that is influenced by both personal and institutional factors (Kahu, 2013). At a personal level, student grades have been identified as the most immediate underlying goal that is likely to drive engagement behaviours (Taylor et al., 2011). In this respect, the potential for improved academic outcomes motivates students to engage. In turn, related engagement behaviours, including effort, persistence and self-regulation, support cognitive engagement that has a positive influence on final grades (Miller et al., 1996).
While this self-fulfilling cycle highlights the importance of grades and academic outcomes in any educational dialogue, a number of additional mechanisms including academic investment, motivation, commitment, psychological connection, comfort and a sense of belonging assist student engagement (London et al., 2007). Similarly, learning-related self-efficacy is a key factor in promoting student engagement and learning because it is linked to cognitive engagement (Corno and Mandinach, 1983) through the learner’s control of knowledge acquisition and engagement in self-regulated learning (Linnenbrink and Pintrich, 2003).

This existing understanding of individual-level engagement for learning is a helpful input for institutions that are investing in creating opportunities to deliver improved student engagement and learning. Zepke and Leach (2010) developed an action plan for engagement that includes enhancing student self-belief, enabling autonomous learning and promoting active collaboration. Though this action plan is a positive development, it is important to note that from a practical perspective it may be difficult to achieve these aims in a traditional classroom environment based on a didactic approach. An alternative format may include out-of-class group activities that permit students to immerse themselves in a pre-set learning scenario. In such a scenario students would be able to apply theory to practical situations, while having the freedom to work autonomously and increase perceived self-efficacy, and simultaneously call upon the group knowledge when required. We hypothesise:

**H1: Participation in a collaborative, out-of-class learning community will result in increased student engagement.**

Permitting students to collaborate and interact during the learning process has been shown to increase student engagement (Umbach and Wawrzynski, 2005). In a similar way, student participation in a ‘learning community’ is positively linked to perceived engagement (Zhao and Kuh, 2004). Furthermore, student engagement will increase if the instructor also demonstrates greater willingness to engage with students, the course and the overall teaching process (Bryson and Hand, 2007). This interactivity and participation to create a system of co-creation is similar to the empowerment of customers in consumer settings (Brodie et al., 2011a). Ultimately, empowering participants – as students or customers – to be a part of the production process creates a positive effect on the engagement with, and assessment of, the product (Fuchs et al., 2010), that also leads to enhanced loyalty, satisfaction, empowerment, connection and commitment (Brodie et al., 2011b).

**Co-Creation**

The notion of involving participants or recipients of a product in production stems from service dominant logic (Vargo and Lusch, 2004). The advantage of this approach is that customers become a key value-adding component in the value creation process. In the context of the classroom, co-creation of the learning experience has a positive affective influence on participants. These positive, activating emotions serve to strengthen motivation and enhance cognitive flexibility and self-regulated learning (Pekrun et al., 2002). As a result, during co-creation students are more willing to engage in a learning process (Payne et al., 2008). During this heightened awareness to learning, students also are able to interact within a learning community – this assists individuals to achieve their learning goals (Magni et al., 2013). When such collaborative learning takes place a range of effects are evident including higher grades (Taras et al., 2013), increased satisfaction and perceived learning (Arbaugh and Benbunan-Finch, 2006) and a mutual construction of knowledge brought about by incremental steps of displaying, confirming and repairing shared meaning (Roschelle, 1992).
The positive social aspect of co-creation is also seen in the literature on service learning. Service learning typically refers to projects that involve theoretical foundations, but demand students to engage in the wider community, with the aim of extending learning beyond the classroom (Kenworthy-U'Ren and Peterson, 2005). Importantly, this has shown to have a positive effect on cognitive development (Yorio and Ye, 2012). Ultimately, then, it may be that the altruistic elements of service learning are also experienced in collaborative learning environments and will have similar benefits for cognitive development, student engagement and academic achievement. We hypothesize:

**H2: Participation in an out-of-class collaborative learning community will have a positive effect on academic achievement (final grade).**

**Social media and the learning process**
Learner enjoyment, interest, co-creation and engagement are interdependent in a tightly woven social fabric, where interaction is the catalyst for learning and change. Consequently, social media has become a valuable conduit for knowledge transfer and education (Everson et al. (2013). For example, Facebook not only has the necessary suite of technological tools required for collaboration, it provides a communal space for both students and instructors. Ultimately, the resulting student-student and instructor-student interactions increase connection between the groups and promotes informal learning (Hollenbeck et al., 2011). This interaction has been shown to also have a significant impact on introvert students, who may be uncomfortable with the spontaneous nature of face-to-face contact, and instead prefer communication through social media where they are able to gradually increase their self-confidence and collaboration (Voorn and Kommers, 2013). Commonly cited reasons for this social media–moderated communication preference include language barriers and subsequent socio-cultural inhibitions, particularly among exchange students (Sawir et al., 2008), where exchange students are classified as being foreign to the place of study (Holtbrügge and Mohr, 2010). For an exchange student, the inability to communicate effectively is a double-edged sword. On the one hand, learning, information processing and academic outcomes suffer. On the other, students will increasingly experience feelings of isolation (Robertson et al., 2000). As a result, this tendency to become introverted then has flow-on effects which inhibit the learning experience (McCarthy, 2010; Chao et. al, 2011). From this, we hypothesize:

**H3: Out-of-class learning communities will have a significant, positive effect on the learning outcomes of exchange students.**

Current research identifies a number of key issues faced by exchange students. Not only do they participate less in discussions, they experience difficulty in lecture comprehension (Parks and Raymond, 2004). Consequently, they would prefer instructors speak slower and give students more time to reflect before answering questions (Lee, 1997). An out-of-class online learning community provides benefits in this respect. Firstly, students are able to review course content and lecture material before participating in any discussion. Secondly, they are able to reflect on their understanding of concepts and, in their own time, can seek clarification within the group or look to other learning resources for guidance. Because of this, exchange students are likely to feel less anxiety communicating in an out-of-class learning community, compared to in-class scenarios.

**In-class participation money for out-of-class activities**
Despite the potential positive effects afforded by out-of-class learning activities, motivating students to participate in external groups presents some challenges. We only have to look at in-class participation to understand how difficult this might be. For example, class participation is included as an assessment component in many universities around the world. Ultimately, this encourages students to actively participate and results in greater critical
thinking (Ackerman et al., 2003). In turn, this should have positive effects on academic outcomes. However, while current research speaks glowingly of the benefits of in-class participation, little has been done to create a usable framework to promote participation levels. To this end, Chylinski (2010) used ‘participation money’ as a way to stimulate class participation and to monitor student activity during discussions across a teaching period. Results showed that participation money has a significant positive effect on number of comments, student experience, perceived understanding and academic outcomes. Using this framework as the basis, it is possible that the influence of in-class participation money can be extended beyond the classroom. Specifically in-class participation money may act as the mechanism that stimulates discussion in out-of-class learning activities.

**Methodology**

There were several objectives that guided this research. Firstly, we sought to examine the relationship between out-of-class learning and collaboration on student engagement. Secondly, we wanted to determine the effect of collaborative learning on academic outcomes and identify whether this influence was the same for domestic and exchange students. Finally, we wanted to test the effectiveness of in-class participation rewards as motivation for participation in out-of-class learning activities.

The study took place in a one-semester, 13-week undergraduate consumer behaviour course at a large Australian university. The course consisted of 400+ students divided into 13 classes, that primarily included marketing majors, industrial design majors and psychology majors. Of the 13 total classes, 6 classes were randomly chosen as part of the experiment. In order to avoid any subjective biases, all 6 of these classes were taught by the same instructor.

The study was a 2 (collaborative learning: Facebook group/ no FB group) x 2 (Participation incentives: in class participation ‘money’ incentive/ Facebook participation ‘money’ incentive) mixed design, with collaborative learning manipulated between subjects and participation incentives manipulated within subjects. The participation incentives involved students receiving participation ‘money’ for discussion points, as per Chylinski (2010). However, this differed from Chylinski’s research, in that participation rewards were offered for comments made either in-class or in an out-of-class online Facebook group. This participation money then translated into class participation marks. The Facebook group was set up prior to the semester and students in four of the six classes were invited to join. A total of 147 students signed up to the group.

To measure the effects of collaborative learning and participation incentives on engagement over the semester, an initial survey was conducted in the third tutorial, while a follow-up was undertaken in the final session. Along with this, the instructor recorded students’ in-class participation each week. In addition, comments made in the Facebook group were recorded weekly, and participation dollars were then handed out in the following week’s class. Once all assessments had completed, students’ final grades were also added to the data. Finally, student status was added as a covariate. For most exchange students in the cohort, English was not their first language.

**Results and Discussion**

The authors hypothesized that participation in a collaborative learning, knowledge co-creation community would result in higher perceived levels of (H1) engagement. A paired-samples t-test (n=147) revealed no significant change in perceived engagement over the teaching period.
Consequently, there was no significant relationship between engagement and students’ final grades.

GLM analysis revealed membership in the out-of-class collaborative learning (Facebook) group (H2) was significant and positively related to academic outcomes (p = < .01). Interestingly though, there was no significant relationship between final grade and level of activity – number of comments made – within the Facebook group. Instead, we find that in-class participation is found to have a significant relationship with final grade (p = < .01). These results build on Chylinski’s findings and show that extrinsic rewards for class participation will motivate students to join an out-of-class group, but have limited influence on actual out-of-class participation levels. Despite this, regardless of whether students were in the Facebook group or not, overall Facebook usage in discussing the course is significant and positively related to the final grade (p = .01). Finally, the effect of student status was analysed against final grade and it was confirmed (H3) that participation in the learning community had a more pronounced effect on the final grades of exchange students than domestic students (p=<0.01).

While current research has shown the importance of engagement and collaboration on value co-creation, this study examined the direct interactions between knowledge co-creation, engagement and academic achievement. In line with Chylinski (2010), in-class participation was found to be critical to overall performance and can be influenced by extrinsic reinforcements. Extending this theory, it was found that out-of-class participation in a collaborative learning community was also a contributing factor to academic achievement. However, despite the promise of extrinsic rewards, simply being a member of the learning community – as opposed to being a contributor – is sufficient to influence final grade. In this case, it seems that some members are absorbing, rather than disseminating relevant information. Given that overall social media usage (such as Facebook) is positively correlated to final mark, it may be that students have a high familiarity with social media which makes using Facebook as a learning tool much easier. This would certainly seem to be the case for exchange students. In general, exchange students were less willing to participate in the learning-community (42%) compared to domestic students (62%), yet 55% of exchange students within the group made at least one contribution to the online discussion, compared to 44% of domestic students. This is possibly due to both cultural and language barriers that make it difficult for exchange students to actively participate in class discussions. Alternately, out-of-class online learning communities allow for self-regulated learning and provide space for self-paced reflection and analysis.

As with any study, there were limitations. One key limitation is that the analysis of Facebook posts didn’t account for the type of comments made. Some were original posts that were catalysts for discussion of theory, while others were replies. Some included links to video content, while others focused on administrative issues such as assignment due dates and exam locations. This raises the question whether all types of comments should be treated as equal, or should different forms be weighted and afforded more class participation marks? A further limitation was that subjects were identified as either in-group or out-of-group participants, without identifying their original class. It may be that a social network analysis, and a larger cohort, would allow researchers to better understand the flow of information within and between individual class groups.

Conclusion
Despite the limitations, this study highlighted the viability of leveraging additional technology-based tools such as Facebook to extend the learning process outside the classroom. Importantly, this paper demonstrated that while student-student and student-instructor interactions are important determinants of academic outcomes, some students will use the medium to clarify and confirm their understanding by observing and absorbing information, rather than disseminating knowledge. Recognising this, and being able to provide such alternate learning platforms, is significant for educational advancement.

Reference List


Poverty Alleviation in Business and Marketing Curriculum: the Case of the University of Sydney Business School

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Abstract

Base of the Pyramid refers to the 4 billion poor people living under 5$ a day. A key characteristic of executives who engage successfully in the BoP is leadership. Leadership is important because the value proposition at the BoP lies in low-margin profits but with large number of potential consumers, a paradigm shift from traditional business thinking. Specifically, training business leaders is critical in ensuring success in BoP. Universities have a key role to play in equipping business leaders in engaging with poverty and its alleviation. A few universities offer courses on poverty alleviation and the University of Sydney Business School is one of these. In this paper, we discuss the case of the Poverty Alleviation and Profitability course in its first year of inception (2014). We hope this discussion provides an impetus for business schools and marketing disciplines in particular to incorporate poverty alleviation.

Keywords: curriculum development, poverty alleviation, profitability, base of the pyramid
Track: Marketing Education

1.1 Introduction

The term Base of the Pyramid (BoP) refers to the billions of people living on less than $2 per day. They represent a cohort of population that lives in a status of relative poverty and, because of their large representation, can be seen as at the base of an imaginary economic pyramid. Prahalad (2004) first introduced this idea in business. BoP champions a novel approach in international development that sees the poor as potential producers and consumers rather than passive beneficiaries of government and donor agencies programs. When one views the historical progression of the role of business in developing countries, the BoP is an innovative approach for engaging with the poor. The impact of the private sector in poverty alleviation has been a topic of interest both in academia and at a policy making level for several decades and consensus on whether there is a positive or a negative impact is yet to be reached (Navaretti & Venables, 2004; World Investment Report, 2005).

Whilst the entry of a foreign company into a national market might bring capital, knowledge and new business and employment opportunities, it can at the same time exploit natural resources, cheap labour and enhance international tax avoidance if badly managed. Country-specific determinants are also important to ensure success of a Foreign Direct Investment (FDI) in a host country: health, education and stability are just some of the factors that will determine whether a host country can benefit as much as a foreign multinational enterprise in this collaboration framework (Carr et al., 2004; Bénassy-Quéré et al., 2007; Azémar & Desbordes, 2009 among others). Cases where FDIs have had a negative impact on local economies have often called the attention of media and international community who either campaigned against or boycotted products of companies that were not ethically responsible. Primarily for marketing purposes, companies started to engage in ‘Corporate Social Responsibility’ (CSR), where extra profits were deployed in philanthropic initiatives. The literature provides clear evidence of the strong limitations of the CSR approach,
especially its lack of sustainability: companies often commit little time and resources in CSR initiatives as they were seen as a marketing activity with no interest in their real impact (Luo, and Bhattacharya, 2009). The BoP approach aims to fill this gap by seeing the population in developing countries as new consumers and business partners. It is the profitability component that represents the key to sustainability (Varadarajan, 2014; Mason, Chakraborthy and Singh, 2013). However, due to its relatively recent implementation, the BoP literature still lacks clear evidence of what works, what doesn’t and why (Agnihotri, 2013; Arajuo, 2013; Voola and Voola, 2012).

There have been significant changes in how governments and multi-lateral organisation, such as the United Nations (UN) view the role of business in poverty alleviation. For example the United National Development Program (UNDP) has proactively called for the involvement of businesses to help achieve the Millennium Development Goals, which aim to eradicate extreme poverty by 2015 (Ansari, Munir and Gregg 2012). In the context of Australia, the government has redefined its foreign aid policy by shifting focus towards a greater involvement of the private sector (DFAT, 2014). Furthermore there is an economic imperative to tap into the 4 billion people living under 5$ a day.

These recent developments call for future business leaders to be equipped to seize this opportunity and Business Schools are in a unique position to provide the required education to succeed in this new arena. It will require Business Schools to extend traditional “business education” to include poverty alleviation and rethink business practices due the poverty market being characterised by existence low or non-existent functional literacy, and short term planning orientation that characterise the poor (Rosa, 2012). To this end, we first highlight the importance of trained business leaders in the success of BoP initiatives. Then we provide a brief overview of key education initiatives around the world relating to the BoP and then we present the case of business curriculum that has incorporated poverty at the University of Sydney Business School.

2.0 The Importance of leadership in BoP

Karamchandani et al. (2011) provide a preliminary meta-analysis of what factors are critical for the success of BoP initiatives from a company’s perspective. The authors stress that entering into markets at the base of the pyramid requires first of all a radical change in executives’ mindset. Low-margins, slow pace and informal procedures represent challenges to business leaders who need to be dynamic and flexible enough to move away from traditional business structures, be better informed and embrace a more risk-taking culture. Companies’ executives will also have to have a long-range mindset to ensure the sustainability of the BoP initiatives and be ready to accept possible small failures at the beginning for higher return on investment later on (Karamchandani et al. 2011).Companies that want a guaranteed success in BoP markets will be looking to hire more managers who had the right training and education and who are willing to face bigger challenges and risks. Managers, in return, will need to be able to know how to achieve and measure success in BoP markets (London, 2009).

A company’s human capital is its most important asset. Investing in poverty markets therefore requires human capital capable of understanding opportunities and limitations of BoP initiatives. Business Schools have a professional and moral obligation to prepare future business leaders adequately for such challenging environments. Failure to include BoP in the Business School curriculum can have significant drawbacks in the coming years in terms of competitiveness and innovation in private sector and academia alike. A number of
Universities around the world understand the importance of this opportunity and have included a number of BoP units of study in their postgraduate and MBA classes.

One of the leading institutions to have done so is the William Davidson Institute (WDI) at the University of Michigan, (U.S.A.). Under the leadership of Professor Ted London, the Institute has established a BoP research initiative that operates as a hub for partnerships with other stakeholders from academia, public and private sector. The centre now offers executive education courses for business leaders as well as consulting services for companies that are interested in entering new developing markets and assess the impact of their operations in those areas. The centre now has operations all around the world in collaboration with partners such as Unilever, Philips, Microsoft as well as UNDP, World Bank and Oxfam, to name a few.

The Johnson Graduate School of Management at Cornell University (U.S.A.) also has a long tradition of BoP teaching and research. Professor Stuart L. Hart, considered one of the founding fathers of BoP, teaches at the Johnson School and is also the President of the “Enterprise for a Sustainable World” (ESW) initiative, that offers educational and consultancy services.

The College of Business at Illinois (U.S.A.) has set up a similar centre called “Subsistence Marketplaces Initiative”. The centre offers a number of courses across different disciplines focused on sustainability of businesses in developing markets. The centre also has a research laboratory where students from business, engineering and industrial design collaborate for one year in the development of products and business plans for emerging economies, often sponsored by a private sector company. Apart from the above universities, a number of other leading Universities have implemented similar initiatives. BoP courses are now offered by Yale School of Management, UC Berkeley and the London School of Economics and Political Science to name a few.

What these courses have in common is the core principle of sustainability on which any BoP initiative should be based on. They all stress on the importance of understanding the new market before investing large amount of capital and they all have a practical approach by engaging with private sector stakeholders, whether in the form of executive education, product development or analysis of potential consumers. Furthermore, another commonality shared by all these initiatives is the ability to engage stakeholders from all sectors: academia, NGOs, Multilateral Development Banks, governments, private companies and social enterprises, among others. This proves that the sustainable positive impact businesses can potentially bring in developing economies is well understood across all development stakeholders and there is willingness to explore these issues further and scale up successful projects.

3.0 BoP Teaching in Australia

In Australia, although there are academics conducting research in this area, teaching and learning related to the BoP is limited. The argument of this paper is that, Australian business schools, particularly marketing departments should play a leading role in incorporating poverty within business curriculum. Here we provide an example of one effort at incorporating poverty at the University of Sydney Business School. The concept of profit and purpose, underpinning the BoP paints a compelling value proposition to shareholders, employees and customers alike and represent one of the most paradigmatic shifts of 21st century management thinking. This value proposition requires a different type of marketing and corporate leadership. Leaders need to be agile, to understand profitability in new and
uncertain contexts and have an innate understanding of the needs of their customers whose poverty or disadvantages would have once denied them to goods and services. The University of Sydney Business School is now equipping the next generation of business leaders with the ability to apply market principles to social solutioning with its course “Poverty Alleviation and Profitability”. The course encourages students to radically rethink the traditional business focus on prosperous middle class markets and engage with the world’s poor profitably, based on social justice principles.

This course was offered to a Pre-Experience Masters of Management (CEMS) Program, which is a network of 29 Universities worldwide. In the first class, around 50 Management students, including marketing students were enrolled. As it is a new teaching area within the Australian region, the unit revolved around the principles of research-led teaching and expert presentations from industry and non-traditional academic areas such as social policy and education. The key theoretical frameworks that lay the basis for this unit were Base of the Pyramid and Subsistence Markets. The key hurdle at the very beginning of the course was to illustrate to the students that this is not just a theoretical idea, but is currently being practiced by firms. This hurdle was important to cross because poverty and profits are perceived to be contradictory, and to initially illustrate through an expert presentation from B4MD (one of the only BoP consulting firms in Australia), provided the impetus to jump this hurdle. The assessments included participation, critiquing key concepts in the BoP (co-creation with the poor, scalability, Juggad innovation, Social Justice and implementing BoP strategies), and a business plan to the BoP, which involved projects relating to sanitation and mobile technologies.

Another challenge was to balance the knowledge that students had about making profits with that of poverty. Critically thinking about poverty was a new experience for some students. Whilst most of them defined poverty only in terms of income deprivation, concrete efforts were placed in enhancing the understanding of the multi-level phenomenon of poverty and its implications. More specifically, discussions in class and on the course online platform were focused on the meaning of poverty alleviation and development as freedom. An interesting suggestion that arose from discussions was to understand the other side of the coin: what it meant to be rich and the importance of social status perceptions. This was augmented by guest presentations about social justice and critiques of business engaging in poverty alleviation from social policy and education academics.

In the practical sense, at the University of Sydney Business school, the importance of managerial leadership in driving business innovation in the bottom of the pyramid has been recognised by Project Everest, an organisation which aims to empower future business leaders with a social acumen through a structured practical program. Project Everest equips management students with a skillset in social entrepreneurship, encouraging program participants to apply business principles to expand access to basic products and services for the poor through the development of direct-to-consumer models or through hybrid social enterprise approaches.

Project Everest has piloted three programs with a total of thirteen students to identify common bottom of the pyramid frameworks which can be used to bridge the gap between management theory and practice. Students are able to access course credit for Commerce and Economics degrees in order to cement the importance of bottom of the pyramid thinking in mainstream management degrees. Project Everest’s programs have included collaborating with an indigenous enterprise who manufacture traditional bush medicine expanding access to
traditional healthcare for the Arrente people in Alice Springs, Australia to drive local employment; the development of a coffee shop in Bhaktapur, Nepal to provide employment, counselling and accommodation to women from situations of domestic abuse and poverty; and innovation in healthcare delivery for women and children earning less than $2 a day with Siddhi Memorial Hospital.

Practical experiences in least developed countries and disadvantaged communities enabled students to identify how business methodologies can be applied directly to social issues to drive sustainable social outcomes. Similar to the findings of Prahalad and Hart (2002a), Project Everest has identified the need for building a local base of support by establishing a local coalition of NGOs and community leaders which can help drive early adoption of social enterprise. Project Everest also extends existing bottom of the pyramid methodologies to identify the importance of process excellence in lowering cost structures and defining repeatable and standardised processes to drive scalability.

The program has evidenced strong success in key learning areas pertaining to social entrepreneurship with rapid uptake by both students and local talent in learning and applying social enterprise frameworks. However there still remain challenges around optimising resource allocation and difficulties in succession planning with waning local engagement post program. Further research on succession planning in a bottom of the pyramid context would help to improve business continuity.

4.0 Conclusions

There is a need for Australian Business School curriculum to include poverty alleviation. Economic imperatives such as the potentially big market (4 billion who live on less than 5$ a day) and the shift in the focus of the UN and the Australian governments looking to the private sector in alleviating poverty, provides significant opportunities to develop business leaders who are equipped to fully grasp and lead business response to this opportunity in the future. Australian Universities have a key role to play in developing business and marketing leaders are experts in the BoP thesis.

Globally, there are several research institutes and universities that have started to incorporate poverty in business curriculum. However, an examination of the Australian business schools suggests that teaching related to poverty alleviation in business curriculum is not prevalent. By providing an example of how poverty alleviation was incorporated at the University of Sydney Business School, the challenges faced in teaching the counterintuitive and ambidextrous notion of making profits whilst alleviating poverty, this paper hopes to provide an impetus for a more strategic adoption of poverty alleviation curriculum within Australian business schools.

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Inquiry-based learning for first-year Marketing Principles studies

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Abstract
This paper provides an interpretive account of how a large student cohort deals with a major inquiry-based learning (IBL) assessment task in a first-year core Marketing Principles subject in undergraduate business studies. It offers a practical example of IBL in action in marketing and extends Hutchings and O’Rourke’s (2006) study of IBL in action in three ways (first-year cohorts, technology-enhanced IBL and the marketing discipline). Hutchings and O’Rourke’s four-part method for describing IBL in action is followed: (1) the enabling factors for the students’ work are described; (2) the process for which they decided on the task is discussed; (3) the method of work is considered, namely ongoing collaboration in a wiki and (4) the outcomes produced are discussed, i.e. a completed, unique wiki-based marketing plan for each group of students. The paper summarises the main lessons to be learnt for educators.

Keywords: Learning centred teaching, inquiry based learning, marketing planning, collaboration, online learning
Track: Marketing Education

1.0 Theoretical foundations: Learning centredness and IBL
A variety of types of constructivist or learning-centred designs can be used to shift the role of instructors from mere providers of information to facilitators of student learning. Such facilitated learning is referred to as inquiry-based learning (IBL) or experiential learning (Dewey, 1938; Kolb, 1984). Mechanisms to facilitate IBL include situated learning, problem-based learning, case-based learning, project-based learning and role-playing (Oliver & Herrington, 2001). At a cognitive level such learning elicits a deep approach to learning, as opposed to surface or strategic learning approaches (Munn, 2003). As students engage in this deep approach, they begin to relate their learning to previous learning as well as their own personal experiences, thus continuously building and strengthening the scaffolding (Biggs, 1994). The student learning experience is seen as a process of self-directed scholarly investigation and research. Specifically, the IBL task may be characterised as semi-structured inquiry, i.e. students investigate a teacher-presented inquiry through a prescribed procedure, whereby the students formulate their own research topics, undertake their own research and convert that research into useful knowledge (Bell, Urhahne, Schanze, & Ploetzner, 2010).

Hutchings and O’Rourke (2006) proposed a four-part approach for describing IBL in action - one which considers (1) the enabling (learning environment) factors, (2) the process by which students decide on IBL task, (3) the students’ method of work and (4) the outcome of the IBL. The authors illustrated their approach for an IBL task form a final-year subject on 18th century poetry. The students were all advanced undergraduates, and the teaching was delivered on-site in a classroom. There appears to be no or minimal consideration of technology in IBL. Like Hutchings and O’Rourke, this paper presents a case-study as a means of illustrating and drawing out the key lessons from IBL. It extends the Hutchings and O’Rourke’s work in a number of ways: It applies IBL to large, diverse cohorts of first-year students; it considers the role of the learning technology environment in IBL; and, thirdly, it explores IBL in a new disciplinary context, namely marketing principles studies with a business degree. Before applying the four-part approach to the Marketing Principles case
study, I outline these three ways in which this case study extends Hutchings and O’Rourke’s 2006 study.

**Is IBL suited for less mature learners?**

Hutchings & O’Rourke (2006) refer to their students as an “academically strong group of experienced students” (p. 16); because Marketing Principles is a first-year undergraduate core subject, the great majority of students are relatively immature and new to higher education. Hence the first objective is to see if IBL can be successfully used for less mature, novice and large first-year cohorts.

The basic teaching and learning philosophies can be visualized in a two-dimensional matrix (von der Heidt & Quazi, 2013). One dimension is the nature of the **learner maturity** – ranging from dependent, to self-directed and self-determined. For each of these learning types a particular teaching and learning focus is suited. The spectrum ranges from traditional knowledge consumption (for the dependent student) to engagement of learners in knowledge creation (for the self-determined student). This spectrum is essentially the same as the continuum from teacher-centred to highly learning-centred approaches. In brief, we move from most teaching-centred (pedagogy) with dependent learners; transition to learning-centredness (andragogy and self-directed learning) with self-directed learners; learning-centred (heutagogy) and self-determined learners (von der Heidt & Quazi, 2013). Effective teaching is said to be about making learning meaningful where academics are both insightful and knowledgeable about selecting appropriate strategies. For teaching to be effective in the 21st century, there must be an acknowledgement of the variety of learning styles and approaches that are currently available, and to be able to incorporate these various styles/methods, e.g. distance/online learning, part-time/full time learning, etc.

The internationalisation and diversity of the student population also needs to be taken into account. Instructors need to really know their students and understand how they learn. International students may sometimes require patience and an appreciation of cultural awareness while adult learners are usually autonomous and self-directed learners (Knowles, 1984). The growing body of students, who will comprise 40% of the population by 2020 and who arguably deserve most of a HE instructor’s attention, are Generation Ys – also known as the Millennials or Generation C (connected, communicating, content-centric and always clicking) (Friedrich, Peterson, & Koster, 2011). These students expect student-centred learning. They have a high need for feedback, appreciate visual content, embedding of technology in their learning environments and collaboration in small groups. A learning-centred approach appears to be well suited to contemporary and novice student cohorts. If the learning and teaching focus is designed in a learning-centred way, these learners may be influenced toward a more self-determined learning style.

**Can learning technologies enhance IBL?**

The second dimension in matrix of teaching and learning approaches is the extent to which the *online* environment is exploited. Hutchings & O’Rourke (2006) mention the online environment only fleetingly as a resource for secondary research and do not explore the potential uses of information and communication technologies in IBL. A second objective of this paper is, therefore, to discuss if IBL can be used for technology-dependent tasks.

Heutagogy is suited to an online (or e-learning, Web 2.0) environment (Albon, 2006; Ashton & Newman, 2006; Blaschke, 2012) and the theory of connectivism: Key affordances of the Web in education include the “profound and multifaceted increase in communication and interaction capability” (Anderson, 2004, p. 42), as well as co-creation (McLoughlin & Lee, 2008). Instead of a learning theory focused on the learning processes of the individual, connectivism situates learning within the dynamics of social interaction, connection and
collaboration (Siemens, 2007) – skills essential for lifelong learning in a knowledge-based, networked society (McLoughlin & Lee, 2008). Because our current education system does not adequately support and develop these skills, McLoughlin and Lee propose a revised pedagogy: Pedagogy 2.0 “aims to focus on desired learning outcomes in order to more fully exploit the affordances and potential for connectivity enabled by Web 2.0 and social software tools” (p. 15). As explained by McLoughlin and Lee, this is achieved by facilitating personal choice (personalisation), participation and creative production. These three self-reinforcing principles of Pedagogy 2.0 also reflect an emerging view of learning as knowledge creation, which mirrors the societal shift towards a knowledge age, in which creativity and originality are highly valued (Paavola & Hakkarainen, 2005). Again, these values are consistent with IBL. We can conclude that learning technologies can enhance IBL, especially for where the aim is for participation of non-proximate students in producing creative work.

Is marketing a suitable discipline for IBL?

Hutchings and O’Rourke used a literary studies subject to illustrate their approach for an IBL. Other IBL studies stem from the sciences (Banchi & Bell, 2008; Charlton-Perez, 2013). IBL in marketing education is relatively under-researched. Titus (2000) posited that marketing - typically defined as the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large (American Marketing Association, 2007) - can be conceptualised as “the process of offering creative solutions to consumer problems” (p. 225). Creative problem solving and marketing both commence with a problem-finding phase and conclude with solution-finding and solution-implementing activities and are, therefore, “hopelessly intertwined” (Titus, 2000, p. 233). With its methodical, disciplined and sustained cognitive effort (Couger, 1995; Gilbert, Prenshaw, & Ivy, 1996), CPS is ideally suited to the pedagogical context (Ramocki, 1996), and Titus recommends that CPS be presented in introductory marketing courses to alert students to the integral role creativity plays in marketing practice. Hill and McGinnis (2007) advocate a pedagogical shift from teaching for content to teaching for cultivating the curiosity in marketing thinking. The foregoing discussion points to the marketing discipline, as an applied field of study focused on real world activities, being well-suited to IBL tasks.

2.0 A case study of IBL in action in Marketing Principles

The context and the task

The study of Marketing Principles is crucial for all business students and is undertaken as a core or mandatory unit in the first-year within the Bachelor of Business program or equivalent programs across almost all regional and mainstream Australian universities. The particular context for the IBL task is the first year Marketing Principles curriculum within a Bachelor of Business program offered at a regional Australian university. Every year around 300 students from around Australia and in China undertake this subject at SCU. The course is characterised by large groups of mostly first-year university students, who are diverse in terms of location (domestic/offshore), mode (internal/external), enrolment status (full-time/part-time) and other characteristics, such as age (high-school leaver/mature age) and work status (not employed, part-time employed, full-time employed). Hence, the subject is delivered in flexible and blended way, i.e. it offers e-learning through the Blackboard learning management system (LMS) with its suite of tools (e.g. online quizzes, discussion board, Collaborate virtual classroom, video-linked lecture recordings through Mediasite and Web 2.0 social software wikis and blogs) as well as traditional classroom interactions.

Because of its growing academic and practical importance, the Marketing Principles curriculum at SCU has witnessed continuous review and renewal. The renewal process has
involved peer-review by marketing academics, practitioners and teaching and learning scholars and researchers. As a result, since 2011 it has been vertically and horizontally aligned as per Biggs and Tang (2007) and contemporary in terms of its dual focus on creative problem solving and sustainability in marketing. The scholarly approach to curriculum innovation in this course has been recognised in two university awards and one national award for outstanding contribution to student learning (Office of Learning and Teaching, 2014; Southern Cross University, 2011, 2013).

In 2012 the marketing project (an IBL assessment task) comprised three parts: (1) Collaboration to develop a new market offering positioned on sustainability using principles of creative problem solving (CPS); (2) Collaboration to construct this offering into a marketing plan; (3) an individual reflective task on the project. Subsequently, an investigation was undertaken into the extent to which learning-centredness had been achieved in the IBL task. This involved (1) measuring the degree of presence of learning-centredness in the extant curriculum; (2) identifying and exploring ways to enhance learning centredness in the new curriculum and (3) implementing selected new learning-centred approaches and monitoring their effectiveness (von der Heidt & Quazi, 2013). Seven curriculum problems in the assessment were identified, i.e. areas on which learning-centredness was lacking. For instance, we found that students needed more opportunities for routine interactions and to become more motivated to learn. Six desired changes to address these problems was presented. As discussed in the earlier study (von der Heidt & Quazi, 2013), most of the desired changes to enhance learning-centredness in curriculum were successfully implemented.

Because such innovations in curriculum and assessment need to be monitored and evaluated (Biggs 2001; Dunne, Morgan, O’Reilly & Parry, 2004) data was sought from three main sources: Feedback from academic peers, my own observations and feedback from students. Three teaching and learning scholars including, one within the marketing discipline were satisfied with the changes. Feedback from the teaching team on the LC enhancements was very positive. Quantitative student feedback data showed that for nine indicators of learning centredness, the new curriculum had encouraged a strong learning centred orientation. The statistical results were also borne out in qualitative student feedback. Students valued the challenge of wiki group work, which many said helped them ‘get out of their comfort zones’. On-campus and distance students alike appreciated the collaborative marketing plan assessment. One distance student reflected: “Working in a team! As an external student it was excellent not to feel out there and alone for once. Using a wiki and a blog was great, as I had never used either of these before”. Several improvements were suggested by students to further enhance the curriculum in 2013, such as providing more explicit training on wiki use and providing clearer guidelines on threshold wiki metrics indicating collaborative writing.

The IBL marketing project assessment task continues to be refined, in order to further enhance learning centredness and to achieve the characteristics consistent with IBL (Kahn & O’Rourke, 2004):

- Engagement with a complex situation or scenario that is sufficiently open-ended to allow a variety of responses or solutions;
- Students direct the lines of inquiry and the methods employed
- The inquiry requires students to draw on existing knowledge and to identify their required learning needs
- Tasks stimulate curiosity in the students, encouraging them to actively explore and seek out new evidence and
- Responsibility falls to the student for analysing and presenting that evidence in appropriate ways and in support of their own response to the problem.

In brief, the 2014 IBL assessment covers a mix of five individual and group tasks in relation to one marketing project. Specifically, students - first individually, then
collaboratively in small groups, face-to-face and/or virtually - apply a five-step creative problem solving process to identify a sustainability problem with an existing product or service and, ultimately, develop an appropriate sustainable ‘solution’ to the ‘problems’. Students then collaboratively follow the marketing planning process to elaborate on their proposed solution. The task is carefully scaffolded to anticipate needs of students struggling with its multiple new aspects (e.g. assessable group work, blog and wiki platforms and real-life marketing planning).

**Enabling factors**

The enabling factors for learning are the environmental or spatio-temporal conditions that allow learning to flourish, i.e. learning spaces, time for learning and resources available for learning (Hutchings & O’Rourke, 2006). As student-centredness is a cornerstone of IBL, a highly flexible learning environment is required, one that gives students a wide range of possible student use. *Space* - Winhall (2004, p. 9) describes the nature of learning spaces in contemporary higher education as “a variety of physical and non-physical spaces”. This conceptualisation of learning spaces goes well beyond the physical learning space described by Hutchings and O’Rourke (2006). It is consistent with flexible delivery in contemporary higher education through the use of information and communications technologies (ICT). ICT provides virtual or online learning spaces through a Learning Management System (LMS), such as Blackboard or Moodle. At SCU a range of other online learning applications are hosted by or compatible with a LMS. For instance: Bb discussion boards, blogs, journals and wikis provide online spaces for student writing discussion and assessment; Collaborate provides a virtual classroom space; Mediasite provides the capabilities for recording on-site lectures in class-rooms and at desks.

For on-campus students these online learning spaces may be complimented by more traditional on-site learning spaces, such as class room tutorials and lectures and face-to-face consultations. However, for most distance students the only learning space they experience is online.

As shown in Tables 4 and 5, the IBL task was designed to be undertaken in a modern, blended learning space suited to the diverse cohort of first-year Marketing Principles students. ICT plays a crucial role in facilitating the IBL task.

*time* - As mentioned by Hutchings and O’Rourke (2006) providing students with freedom of time – within the inevitable constraints – is another key enabling factor. Time for teaching and learning (including assessment) activities may be used synchronously (real-time) or asynchronously. Synchronous learning occurs during scheduled sessions; asynchronous learning takes the form of self-study or independent learning outside of scheduled sessions. ICT greatly facilitates the asynchronous learning experiences. Lectures may be recorded (e.g. in Collaborate or Mediasite and viewed by students on-demand; students can contribute to online discussion boards, blog and wikis in their own time. The Blackboard blog, wiki, discussion board and Collaborate learning spaces for the IBL task provide the flexibility for both synchronous and asynchronous work on the IBL task (see Tables 4 and 5). Again this intentional design caters to the high need for flexibility of current, diverse first-year Marketing Principles students.

**Resources** - This enabling factor covers the range of teaching and learning materials, such as textbooks, study guides, exemplars, case studies, videos, etc. Hutchings and O’Rourke’s (2006) model also includes the facilitator as a resource to be used by students in achieving their learning outcomes. In the case of the Marketing Principles IBL task, there are a range of resources and a team of tutors the students can approach. All study materials are available on the Blackboard LMS in orientation week. In the first week of a 14 week study session, all on-campus students are invited to attend an intensive two-hour video-linked, multi-campus
lecture, which involves all on-campus tutors. The video is recorded, so that any student – on-campus or distance – may review at their convenience. A second video-linked, multi-campus lecture is undertaken midway through the session to recap what has been achieved to date and to preview the second half of the study session. Modular lectures in relation to each of the 12 marketing topics are available as short (5 to 12 minutes) on-demand videos embedded in online (SoftChalk) Study Guide. In addition, weekly two-hour on-campus and online (Collaborate) tutorials are scheduled to provide peer and student-teacher interaction opportunities.

Process by which the task is decided upon
As mentioned by Hutchings and O’Rourke (2006), the process for deciding upon the IBL task emphasises the student practitioner: How they set about learning and what strengths they used and developed. In the context of a first-year subject with students new to higher education, sufficient scaffolding of the task is needed. To this end, a number of processes were defined for the IBL marketing project task. These are detailed in a previous paper, which examined the issues for designing eTeams for the IBL task in this Marketing Principles subject (von der Heidt, 2013). Some key processes for the group to decide upon included:
- Group formation. Unlike Hutchings and O’Rourke this was not made entirely by chance.
- How to employ the creative problem solving process for identifying a consumer problem and developing possible marketing solutions.
- The sustainable market offering to adopt for marketing planning purposes
- Getting started and managing the group, e.g. holding regular meetings or relying on non-synchronous wiki contributions and comments
- Monitoring team work, i.e. how best to regulate the group.
- Collecting and writing up in the group wiki the data collected by individuals.

As much freedom as possible was given to the students. This allowed students’ strengths and weaknesses to come to the fore, though some students found this to be initially confronting, as they were at the beginning of their undergraduate career.

Method of work
According to Hutchings and O’Rourke (2006), this aspect of IBL is about the group figuring out its best modus operandi. In the case of the Marketing Principles task this involves how to maintain ongoing collaboration (face-to-face and virtual spaces), as well as collaborative writing in a wiki. As observed by Hutchings and O’Rourke, good groups function through give and take and respect for each others’ strengths. In the IBL marketing project, each student and group encountered problems. Individuals initially puzzled with the undertaking the creative problem task and with how to best give their fellow group members constructive feedback. As a group, the students struggled with deciding which one creative concept to continue with in their marketing plan wiki. Figuring how to write collaboratively in the wiki space and give each other freedom to edit one another’s work was also troublesome for many students at first. But, as Hutchings and O’Rourke note, such difficulties could be productive and are part of the challenge of IBL. Following recommendations by the authors, the carefully scaffolded two-part blog plus two-part wiki IBL tasks provided groups with a number of opportunities to experience collaboration first-hand, reflect on and improve collaborative practices for the next project stage.

Outcomes produced
The final aspect of IBL concerns the achievement of some shared output produced by the group, preferably a coherent whole. In the case of Marketing Principles, the principal outcome
was a substantive wiki-based marketing plan for each group of students. It represented a coherent whole, one the melded individually written and collaboratively written sections. Underscoring the need to work toward a common outcome is the expectation that a group mark will be awarded to everyone in the group. To ensure the group mark would be fairly awarded, mechanisms are in place for students to flag ‘social loafing’ through a self- and peer-assessment, which could be reviewed by the assessor.

By proactively developing meaningful ‘solutions’ to consumer ‘problems’ in this IBL marketing project, students incorporate sustainability into the practice of marketing planning. In this way over 300 first-year domestic and international students address unmet market needs with a sustainability dimension, generating more than 100 sustainability-oriented marketing plans each year. Through this distinctive curriculum students acquire critical sustainability skills, such as futures thinking, partnering, systemic thinking, practical problem solving and actioning. The sustainability-oriented learning and assessment task in marketing was rated highly by students in 2011 (3.9/5; 36 responses) and 2012 (4.1/5; 112 responses) in terms of ‘assessments which challenged me to do my best work’. Our scholarly work into the effectiveness of the sustainability-oriented marketing curriculum shows that, aided by appropriate teaching support, this curriculum fosters skills relevant to developing sustainable market offerings. Student feedback attests to skills for sustainability being developed effectively: ‘The marketing plan helped me gain an appreciation for the value of a sustainable oriented plan. It will be a crucial skill in the changing world to be a forward thinker and to orientate a market offering to the growing concerns of society’ (2011, student 2 reflection). Students completing Tania’s subject also transform their thinking on sustainability: ‘It taught me that sustainability is going to continue to grow and play a major role in marketing – whether or not marketers actually do care’ (2012, student 1 reflection). As a result of their studies in Marketing Principles, all business students are graduating with some degree of commitment to lifelong learning regarding environmental, social and economic stewardship of the planet.

3.0 Contributions
This paper has built on the work of Hutchings and O’Rourke (2006) by showing how the four-fold method for describing IBL in action can be applied to and generalised for (1) large, diverse, first-year cohorts, (2) blended learning contexts with a heavy reliance on ICT and (3) new discipline contexts. Through the IBL marketing project described here, novice undergraduate marketing students are developing important, future-directed transferable skills (graduate attributes) in planning, sustainability, team work and creativity. This is consistent with the aspirations of higher education quality regulators, such as the Australian Government’s Australian Quality Framework (Australian Qualifications Framework Council, 2011) and the Association to Advance Collegiate Colleges of Business (Association to Advance Collegiate Schools of Business, 2007). This paper finds support for the view that “the case for subject-specific Enquiry-Based Learning as the most effective method of learning ... rests ultimately upon its capacity to create the conditions for such a powerful combination”, i.e. between IBL and subject-specific studies (Hutchings & O’Rourke, 2006, p. 16). With the appropriate scaffolding of IBL tasks, first-year undergraduates with novice subject-specific understanding can successfully engage with and perform in IBL.

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Southern Cross University. (2013). *Vice Chancellor citation for outstanding contribution to student learning awarded by Vice Chancellor Professor Peter Lee to Dr Tania von der Heidt, Dr Erica Wilson and Dr Geoff Lamberton for a scholarly-driven, team-based approach that champions education for sustainability and enhanced learning and teaching in the undergraduate business curriculum.* Southern Cross University.


Consuming Design in the Marketing Classroom

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Abstract
This paper presents a pilot study of undergraduate marketing students reflections on design principles embedded within a marketing curriculum. The project involved a multi-method experimental approach within a second-year consumer behaviour course. Data was collected using a pre- and post-test questionnaire that examined attitudes towards the course, vividness, critical reflection, and perceived usefulness of two standard consumer behaviour theories and two design thinking theories. Qualitative data was also collect and analysed from the reflective journals of 23 students to understand their analysis, interpretation and application of design thinking. The results showed while there was no overall impact on the evaluation of the concepts taught in the course, design thinking allows for more pervasive benefits to student learning, including making deeper level connections between theory and practice. These results offer positive support for embedding design thinking within the marketing curriculum.

Keywords: design thinking, marketing curriculum, critical reflection, student learning outcomes
Track: Marketing Education

1.0 Introduction

The practice and principles of design thinking have gained significant traction in both industry and academic literature as an emerging prospect many professions including business innovation and management (e.g. Dunne & Martin, 2006; Martin, 2009) and marketing (e.g. Beverland, 2005; Brown, 2008; Cooper et al., 2009). Design thinking is considered a key tool to business strategy and transformation yet is a “remarkably under-used tool” (Clark & Smith, 2008 p. 8) and “vastly undeveloped” (Dunne & Martin, 2006, p. 512). However, design thinking has the ability to help business leaders by clearly defining goals, developing a deep understanding of customers, and focusing their internal teams to deliver results (Clark & Smith, 2008).

In the marketing discipline, the design-marketing interface is predominantly positioned in the domain of product innovation and branding, leading to the persistent perception that the role of design is merely as a service in the process of manufacturing goods for sale (Cooper et al., 2009). As this misconception is being reformed by practitioners who recognise the need for design to be more closely integrated across all business functions (Beverland, 2005), there is the call for a more comprehensive understanding of design thinking in the marketing management process (Chen & Venkatesh, 2013). The implication of this for academia is the need to develop design thinking competencies within our schools and graduates. Thus, the impetus for this study is to examine how design thinking can be infused into the marketing curriculum. Using an experimental approach we explore how business students respond to, and reflect on, design principles as part of marketing curricula.

2.0 Literature Review
2.1 Design thinking

Martin (2009) defines design thinking as way designers think, the mental processes they engage rather than the end result of the process itself. Cooper et al. (2009) expands on this to explain design thinking as encompassing the three activities of thinking of, thinking about, and thinking through design. That is, design thinking is a practice that involves reflection, visualisation and process. It is collaborative, inclusive and structured yet still innovative (Clark & Smith, 2008). As a human-centred approach to problem solving it relies on our ability to be intuitive as well as recognize patterns, to construct ideas that have emotional meaning yet also functionality, thus striking a balance between intuition and analytical capabilities (Brown, 2009).

As organisations develop a growing appreciation for the principles of design thinking across a range of business process interdisciplinary teams of skilled design thinkers are being created to tackle complex problems. This transition from simply ‘doing design’ as part of the innovation process to design thinking as a strategic process reflects the recognition by managers that “design has become too important to be left to designers” (Brown, 2009 p. 8). In developing these design thinking capabilities within business students Dunne & Martin (2006) call for a design-thinking paradigm to become embedded, pervading and integrating with existing ideas and theories rather than simply adding it to the current curriculum as a silo alongside marketing management. Adopting this principle, the aim of this research was to examine how business students use design principles as a tool to understand and reflect upon concepts taught as part of the marketing curriculum. This then allows us to understand how business students make sense of design and develop knowledge on how design thinking can be infused into marketing education.

Marketing as a discipline lends itself as an appropriate case for design thinking-infused into business education due to the commonalities between the prevalent marketing theories and the design thinking values of collaboration, co-creation, and a user-centred approach. In this study we embedded two topics within curriculum of a consumer behaviour course that straddle the design-marketing interface: persona theory and customer journey maps.

2.2 Persona theory

Commonly referred to as ‘abstract user representations’ (Moore, 1991), or ‘user archetypes’ (Mikkelson and Lee, 2000), personas are defined as a “technique that employs fictitious users to guide decision making regarding features, interactions, and aesthetics” (Lindwell et al, 2010, p. 182). Personas involve creating profiles for a small number of typical consumers of products and services, each profile representing a potential market segment. Information for the profiles is derived from consumer and marketer interviews, reviews of market research and customer feedback, and statistics about how a product or service is used. The number of personas is typically no more than three primary personas representing the primary target audience and up to four secondary personas when the needs of the user population are highly stratified. Each persona is typically represented with a photograph, name, description, and details about specific interests and relevant behaviours (Pruitt and Grudin, 2003).

2.3 Consumer journey maps
A ‘customer journey map’ is a diagram that illustrates the journey of a customer by representing the different touch points that characterizes his/her interaction with a product or service (Richardson, 2010). The technique involves simply understanding the customers’ journey in engaging, buying, using, sharing, and completing the consumption process to improve the customer experience (Johnston and Kong, 2011). Building a customer journey implies the observation of the user experience and the representation of that experience through its touch points. Hence, the map helps to identify interactions that require changes and improvements to enhance customer experience.

3.0 Methodology

3.1 Design and approach

This study was undertaken using students enrolled in a second-year consumer behaviour course, with the sample of students drawn from a single evening class for this course. A consumer behaviour course was chosen for this study as it lends itself to a number of areas in design education, such as perception and persona. Of the 30 students invited to participate, 23 students took part in the research. Participation in the study was voluntary, and students were advised that there was no penalty for non-participation. All data collection and interaction with the students regarding the research project was undertaken by a researcher not teaching on this course. The vast majority of students were international students studying full-time (74%) and there was a skew towards female respondents (56.5%).

The study design utilised an experimental approach involving (a) pre-testing the overall understanding, appreciation and attitudes toward design thinking in the beginning of the semester; (b) delivering two two-hour guest lectures, including reading materials on the business/design interface, by design practitioners using a design thinking approach, across two weeks during the middle part of the semester, (c) post-testing the overall understanding, appreciation and attitudes toward design thinking towards the end of the semester once all control activities were completed. Data was collected using a multi-method approach. Online questionnaires collected quantitative data in two waves, pre-test and post-test, and reflective journals kept by students throughout the semester provided data for the qualitative study.

The experimental intervention comprised of the two guest lectures presented by design practitioners focused on the topics of consumer journey maps and persona. The purpose of the first lecture was to introduce students to user-centred customer experience so that they become aware of the importance of empathy and co-creation in creating and developing products and services in business. The second lecture requires students to reflect on different user-centred research techniques and how they could generate opportunities for services and brands to evolve. Within these lectures students were exposed to creative exercises, application activities, critical reflection on observations and role play with relevant theory discussed in terms of practical application and case studies.

3.2 Quantitative study

The quantitative data collection was conducted using an online survey across two waves. The surveys were made available to students via a link advertised on the courses online learning hub in weeks 6 and 10 of the semester. Students opting to participate in the study voluntarily completed the surveys outside of class time.
The first survey wave comprised of items reflective general attitudes towards the consumer behaviour topics, vividness, critical reflection and general demographic data. Students general attitude towards the course (α=.875) was measured using seven items on a seven-point likert scale (Fishbein & Ajzen, 1975; Perugini & Bagozzi, 2001). Vividness (α=.832) was measured using six items on a semantic differential scale adapted from Keller and Block (1997). Critical reflection (α=.924) comprised of four items on a seven-point likert scale from the Questionnaire for Reflective Thinking (QRT) (Kember et al., 2000). The second survey wave also included four items measuring the perceived usefulness (α=.948) of each design thinking theory (persona and customer journey maps) on a seven-point likert scale were adapted from Teo (2010). The perceived usefulness of two standard consumer behaviour theories (consumer decision-making process and motivation) was also included as control variables. The data was analysed in SPSS using independent and paired samples t-tests.

3.3 Qualitative study

The qualitative component of the study comprised of the analysis of reflective journals submitted by each student participating in the study. Participants were asked to submit a journal entry for each of the five weeks of the study that showed thoughtful introspection regarding the topics and theories discussed in class that week as well as connections between different topics. The two entries relating the design-thinking topics of persona and customer journey maps were selected for analysis in this study. The analysis approach of this qualitative data took place in two phases. First, two independent coders trained in education and reflective practices were used to rate each journal entry for engagement, associations, learning knowledge and relevance as well as overall quality. Second, thematic analysis was conducted by the researchers to examine the students’ reflections on embedding design principles within the marketing curricula.

4.0 Results

The data reveals that business students value the usefulness of design thinking concepts, with the practical application of customer journey maps allowing students to engage both their creative and analytical capabilities. They reveal that students did not see the design thinking topics as any different to the traditional consumer behaviour topics in the course curricula, and that they were able to make logical connections with other topics within and beyond this course. While the quantitative study did not find any significant influence on overall evaluation of the concepts taught in the course, the qualitative study identified the benefits to students learning outcomes in terms of engagement and the ability to apply the design thinking techniques and theories to real world applications. These results demonstrate the usefulness of embedding design thinking into a consumer behaviour curriculum.

The results of the quantitative study showed no significant different between the pre-and post-test ratings of attitudes towards the course, vividness or critical reflection (Table 1). This suggests that the experimental intervention of embedding design principles into the marketing curriculum has no effect on the students stated evaluation of the concepts taught in the course. In examining the perceived usefulness of the concepts taught, paired-samples t-tests were conducted to compared the design thinking concepts (persona and customer journey maps) with the control concepts (consumer decision-making process and motivation). As shown in Table 2, the usefulness of the practical, process-based design thinking technique of customer journey maps was found to be perceived as significantly more useful than both
the complementary design theory of persona (t= , p<0.05) and the consumer behaviour theory of the consumer decision-making process (t= , p<0.05). There was also found to be strong, positive correlations between the perceived usefulness of persona theory, motivation theory, the consumer decision-making process, and the students’ attitude towards the course.

Table 1. Pre-test and post-test results

<table>
<thead>
<tr>
<th>Construct (α)</th>
<th>Pre-test (x̄)</th>
<th>Post-test (x̄)</th>
<th>t-statistic (sig.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attitude towards course (.875)</td>
<td>6.11</td>
<td>6.15</td>
<td>n.s.</td>
</tr>
<tr>
<td>Critical Reflection (.924)</td>
<td>4.80</td>
<td>4.78</td>
<td>n.s.</td>
</tr>
<tr>
<td>Vividness (.832)</td>
<td>5.34</td>
<td>5.78</td>
<td>n.s.</td>
</tr>
<tr>
<td>Perceived Usefulness – PT (.925)</td>
<td>-</td>
<td>5.76</td>
<td>-</td>
</tr>
<tr>
<td>Perceived Usefulness – CJM (.893)</td>
<td>-</td>
<td>6.06</td>
<td>-</td>
</tr>
<tr>
<td>Perceived Usefulness – CDMP (.801)</td>
<td>-</td>
<td>5.69</td>
<td>-</td>
</tr>
<tr>
<td>Perceived Usefulness – MT (.907)</td>
<td>-</td>
<td>5.90</td>
<td>-</td>
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</table>

Table 2. Correlation and paired-samples t-tests

<table>
<thead>
<tr>
<th></th>
<th>PT</th>
<th>CJM</th>
<th>CDMP</th>
<th>MT</th>
</tr>
</thead>
<tbody>
<tr>
<td>PT</td>
<td></td>
<td>2.217*</td>
<td>(n.s.)</td>
<td>(n.s.)</td>
</tr>
<tr>
<td>CJM</td>
<td>.703**</td>
<td></td>
<td>2.347*</td>
<td>(n.s.)</td>
</tr>
<tr>
<td>CDMP</td>
<td>.727**</td>
<td>.518*</td>
<td>(n.s.)</td>
<td>(n.s.)</td>
</tr>
<tr>
<td>MT</td>
<td>.688**</td>
<td>.626**</td>
<td>.777**</td>
<td>(n.s.)</td>
</tr>
<tr>
<td>Attitude towards course</td>
<td>.615**</td>
<td>(n.s.)</td>
<td>.726</td>
<td>.631**</td>
</tr>
<tr>
<td>Critical Reflection</td>
<td>(n.s.)</td>
<td>(n.s.)</td>
<td>(n.s.)</td>
<td>(n.s.)</td>
</tr>
<tr>
<td>Vividness</td>
<td>(n.s.)</td>
<td>(n.s.)</td>
<td>(n.s.)</td>
<td>.443*</td>
</tr>
</tbody>
</table>

*p<.05  **p<.01  ^Correlations below the diagonal, t-statistics above the diagonal

In the qualitative study, students’ reflections showed they were engaging key principles of design thinking, discussing their ability to empathise with the customer, and be creative, collaborative, experimental and optimistic. The design thinking activities in class allowed the students to “able to really step into various scenarios and personas” and “made us feel closer to the customer and his feelings”. Discussion of the design thinking topics were often phrased in the collective (“we”, “us”, “the whole class enjoyed this way of embracing knowledge”), suggesting that the collaborative nature of the design thinking applications allowed team dynamics to build in the classroom. The analysis, however, found a difference between interest in the topics and engagement with the overall process. While those who showed interest in the topic gave descriptions of the topics or mentioned the “fun and interesting” guest lectures, those who were engaged showed deeper introspection on the topic and reflected on actually participating in the design thinking process and the benefits they derived from it. The qualitative data also showed that the discussion of practical application of the design thinking tools transferred to discussions outside the classroom, with one participant reporting this allowed him to take a leadership role in his part-time job, reflecting both engagement and the usefulness of the tools taught. Relevance of the design thinking topics was prevalent throughout the data, showing both an understanding of “why we use it

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7 PT = Persona Theory  CJM = Customer Journey Maps  CDMP = Consumer Decision-Making Process  MT = Motivation Theory
(in the scenario)” and reflecting on why they would use it again, with many students giving specific real world examples. These real world examples showed the students ability to make connections to practical uses as well as theoretical concepts from other courses, such as a service blueprint.

5.0 Conclusions and Directions for Future Research

While the quantitative study showed no overall impact on the evaluation of the concepts taught in the course, the qualitative study demonstrated that design thinking allows for more pervasive benefits to student learning, including making deeper level connections between theory and practice. The application of design thinking techniques in the marketing classroom also revealed positive team dynamics experienced by the students.

These results offer positive support for embedding design-thinking within marketing curriculum, pervading and integrating with existing ideas and theories, to the benefit of student learning outcomes. As such, it is recommended, in line with Dunne and Martin (2006) that design thinking been seen as a tool for the evolution of marketing curriculum rather than a revolution in practice. Future research should examine the ability to embed design thinking into the marketing curriculum across multiple courses and the enduring benefits of a design thinking paradigm for graduate outcomes.

References


What attributes do employers seek in Marketing Graduates?

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Abstract

Monitoring industry needs is accepted as an important input into curriculum design. A variety of mechanisms are used to align marketing degree content with employer needs, including advisory boards, accreditation standards, and primary research. This paper reviews previous research into the attributes that employers seek from marketing graduates, and then reports on the findings of a content analysis of 729 job advertisements suited to a recent marketing graduate. The findings reaffirm the importance of analysis and communication skills, but the absence of many areas of marketing knowledge in the advertisements warrants further investigation. The prominence of personality traits relating to ambition and determination suggest that educators may need to reflect on how they can nurture confidence in graduates. It is also noted that curriculum design should look beyond current employer needs and maintain a view of the needs of society as a whole in the long term.

Keywords: industry needs, graduate attributes, generic skills
Track: Marketing education

Background

There is a clear need for business schools to review marketing degree curricula regularly in order to produce graduates with relevant skills and knowledge. Research suggests that marketing practitioners see the marketing theory taught in higher education as too abstract and of little relevance (Gray, Ottesen, Bell, Chapman, & Whiten, 2007). Several authors have noted that general business acumen, a broad business vision and a good understanding of the context of the business is more important than specific marketing skills (for example, Martin & Chapman, 2006; Melaia, Abratt, & Bick, 2008). For these and other reasons some have concluded that tertiary marketing studies do not produce graduates who are well-suited to the needs of industry (Crebert, Bates, Bell, Patrick, & Cragnolini, 2004; Johns, 2008).

Higher education institutions’ monitoring of industry needs takes varied forms, including consulting industry advisory boards, direct industry input into learning materials and assessments, and study of graduate outcome data. Monitoring of curricula match to industry needs is also facilitated through secondary sources such as standards produced by accreditation bodies such as the Association to Advance Collegiate Schools of Business (AASCB) (2013); and the Australian Business Deans Council, for example through the work of the Marketing Learning Outcomes Working Party (MLOWP) (2012).

The MLOWP (2012) work involved consultation with Australasian academics and industry to produce a set of ‘threshold learning standards’ for the marketing discipline. The final report detailed five core learning outcomes for a marketing degree: Social responsibility, Analysis, Knowledge, Judgement, and Communication. The authors note that they have specifically excluded generic skills, such a team work, that are likely to be university-wide graduate attributes. The absence of an articulation of generic skills is a potential difficulty as such skills may vary across institutions yet be considered vital by employers. It might also be argued that derivation of agreed learning outcomes through the MLOWP’s consultative process may
exclude outlying views in favour of popular ideas, and that there is also a possibility of inclusion of ‘aspirational’ ideas, as opposed to a reflection of reality.

Another important approach to understanding industry needs is through primary research. A wide range of studies have been carried out into employers’ expectations of marketing graduates. Such research ranges from employers’ reports of what attributes they value in graduates (for example, through interviews or surveys), through to analysis of the attributes employers demonstrate a preference for in their recruitment process. A review of such studies is presented in the following section.

The current research contributes to this body of work through an exploration of the attributes that employers identify as required for marketing positions relevant to recent graduates. It is part of a large international longitudinal study which will explore regional variations and changes in needs over time. However, as timely dissemination will be of use to educators, reporting of preliminary results is important. In this paper we report on findings from a content analysis of job advertisements for marketing positions suitable for a recent graduate. Job advertisements are used by employers to signal (to potential employees and the public) what is most important to them. Content analysis of job advertisements has been used successfully within varied fields, for example, operational research (Sodhi & Son, 2010), information systems (Kennan, Cecez-Kecmanovic, Willard, & Wilson, 2009), and also in cross disciplinary studies (Dörfler & van de Werfhorst, 2009; Kuokkanen, Varje, & Väänänen, 2013). Content analysis of job advertisements has also been applied to the marketing discipline (Schlee & Harich, 2010; Wellman, 2010) and will be discussed below.

### Table 1: Summary of common marketing graduate attributes identified in the literature

<table>
<thead>
<tr>
<th>Attribute / Knowledge</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analytical / critical thinking</td>
<td>AACSB, 2013; Martin &amp; Chapman, 2005; Melaia et al. 2008; MLOWP, 2012; Rundle-Thiele et al. 2005; Walker et al., 2009; Wellman, 2010</td>
</tr>
<tr>
<td>Application of marketing knowledge</td>
<td>AACSB, 2013; MLOWP, 2012; Walker et al., 2009</td>
</tr>
<tr>
<td>Broad business skills</td>
<td>AACSB, 2013; Johns, 2008; Martin &amp; Chapman, 2005; Melaia et al. 2008; Wellman, 2010</td>
</tr>
<tr>
<td>Buyer behaviour</td>
<td>Ellen &amp; Pilling, 2002; Schlee &amp; Harich, 2010</td>
</tr>
<tr>
<td>Communication skills</td>
<td>AACSB, 2013; Ellen &amp; Pilling, 2002; Johns, 2008; Martin &amp; Chapman, 2005; Melaia et al. 2008; MLOWP, 2012; Rundle-Thiele et al. 2005; Schlee &amp; Harich, 2010; Walker et al., 2009; Wellman, 2010</td>
</tr>
<tr>
<td>Detail oriented / attention to detail</td>
<td>Schlee &amp; Harich, 2010; Wellman, 2010</td>
</tr>
<tr>
<td>Develop marketing plans</td>
<td>Ellen &amp; Pilling, 2002; Martin &amp; Chapman, 2005; Melaia et al. 2008; MLOWP, 2012; Schlee &amp; Harich, 2010</td>
</tr>
<tr>
<td>Distribution / channels</td>
<td>Ellen &amp; Pilling, 2002; Melaia et al. 2008; MLOWP, 2012; Schlee &amp; Harich, 2010</td>
</tr>
<tr>
<td>Ethical practices / sustainability</td>
<td>AACSB, 2013; Melaia, Abratt &amp; Bick 2008; MLOWP, 2012; Schlee &amp; Harich, 2010</td>
</tr>
<tr>
<td>Global / multicultural perspectives</td>
<td>AACSB, 2013; Ellen &amp; Pilling, 2002; Melaia et al.; Schlee &amp; Harich, 2010</td>
</tr>
<tr>
<td>Internet marketing</td>
<td>Martin &amp; Chapman, 2005; Schlee &amp; Harich, 2010</td>
</tr>
<tr>
<td>Manage marketing functions</td>
<td>Melaia, Abratt &amp; Bick 2008; Schlee &amp; Harich, 2010</td>
</tr>
<tr>
<td>Management skills</td>
<td>AACSB, 2013; Johns, 2008; Wellman, 2010</td>
</tr>
<tr>
<td>Market research</td>
<td>AACSB, 2013; Ellen &amp; Pilling, 2002; Johns, 2008; MLOWP, 2012; Rundle-</td>
</tr>
</tbody>
</table>
Previous studies of employer expectations of marketing graduates

Table 1 presents a summary of the knowledge and skills most commonly identified in studies of marketing graduate attributes. The studies employed a range of methodologies and data sources. Schlee and Harich, (2010) conducted a content analysis of 500 marketing jobs in five US cities over a three month period. The study included high level marketing roles so is not immediately transferable to graduates. A content analysis of early career posts job advertisements was carried out by Wellman (2010), analysing 250 UK jobs against a list of attributes derived from the literature. The results gave 16 clusters of attributes, including communications, interpersonal relationships, ICT, planning, self-management, decision making and problem solving. There were also many personal traits sought by employers, including creativity, responsibility, initiative, determination and confidence.

Ellen and Pilling (2002) used a questionnaire to survey of managers in one US city on their perceptions of the skills and knowledge needed for a job in marketing. A similar study conducted by Johns (2008) in Australia surveyed 63 organisations to identify and rank important skills for marketing graduates. The generalizability of the results is unclear as the response rate was only 11% and the derivation of the skills listed is unclear.

Martin and Chapman (2006) employed focus groups and semi-structured interviews alongside a questionnaire to solicit views of managers and graduates working in SMEs in the UK. Responses from 260 SMEs and 130 graduates led the researchers to conclude that there is a mismatch between the skills needed in SMEs versus those covered in marketing degree curricula. There appeared to be a bias in the curricula towards marketing for large FMCG companies, whereas employees in SMEs need to have broader business knowledge. In contrast, the study carried out by Melaia, Abratt and Bick (2008) in South Africa included only ‘top 100’ companies. Melaia et al.’s (2008) conclusions about marketing competencies
were based on analysis of job descriptions from 31 of these large successful companies and subsequent interviews with the managers.

Walker et al. (2009) interviewed fourteen graduates of one Australian university and their employers. The focus of the research was on skills needed to fulfil a marketing role rather than specifically looking at skills needed on graduation. A useful, but now dated Australian study was conducted by Rundle-Thiele, Russell-Bennett and Dann (2005). The authors conducted an analysis of the content of marketing courses against industry requirements identified by the Department of Education, Science and Technology (DEST). The analysis found that most marketing courses covered only about half of the DEST skills.

**Methodology**

In line with research discussed in the previous section, this study applied content analysis to job advertisements to reveal the attributes that employers’ select as priorities in the first stage of recruitment. The advertisements were sourced during 2013 from online job sites: Seek (Australia/New Zealand), Monster (USA), and the AMA job board (USA). Multiple downloads were done across the year to minimise seasonal effects. A total of 950 jobs were reviewed by senior marketing academics to ensure they were marketing positions suited to a recent graduate. Checks for duplicates were also carried out. After cleaning of the data, 729 advertisements remained, which provides a larger sample than in similar studies (Kuokkanen et al., 2013; Schlee & Harich, 2010; Wellman, 2010). Coding and analysis using QSR Nvivo software was carried out by two researchers with cross checking for accuracy.

**Results**

The data were collected over 18 months from Australasian and US job sites. Analysis so far has not revealed significant differences across time or country. The method had specifically sought out marketing positions where a degree was likely to be needed, but the search was not restricted to marketing degrees. Only one in five of the advertisements for marketing positions specified a marketing degree (19.1%) (which is consistent with Wellman’s (2010) finding that less than a quarter of employers in the UK asked for a marketing degree). Almost half of the advertisements were open as to the kind of degree needed (48.6%), and a quarter specifically requested a ‘business’ degree (24.3%).

The study is in the process of coding each job advertisement using the Australian Bureau of Statistics’ Australian and New Zealand Standard Industrial Classification based on how the employer described their core business in the advertisements. Some employers could be coded into more than one industry (for example, a manufacturer may also offer training as part of their core business). At the time of writing a random sample of 285 had been coded. The majority of the positions were in the Service industry sector (78.9%) with a small proportion in Manufacturing (24.2%), and a handful in Mining (1.4%).

The job titles were also explored to provide insight into how marketing positions were described. Just over a third of all positions (35.1%) included the word marketing, and a large number used ‘sales’ in the job title (27.6%). The next most common descriptors were ‘social media or digital’ (11.0%), ‘communications’ (9.6%), and ‘business development’ (8.4%).

Coding of the skills required in the 729 advertisements was found to fall into nine broad categories as shown in Table 2. The Personality Attributes category was the most common type noted by employers (72.4% of the advertisements), followed by the Communication Skills category (72.0%). A total of 84 individual attributes were identified from the
advertisements and those that featured in at least 20 advertisements (or 2.7% of the sample) are shown in Table 2. Eight attributes were notably more popular: the personality attribute of being a ‘go getter’ was most common by a wide margin, with 57.3% of advertisements mentioning the need for applicants to be determined, ambitious, competitive, success-oriented, or passionate. Communication-oriented attributes were the next most common, with general communication skills in 37.7% of the advertisements, oral communication in 30.0%, and written communication skills in 34.6%. Surprisingly, the fifth most common specific attribute was MS Office skills (28.5%), followed by team work (27.6%), general organisational skills (27.2%), and attention to detail (23.3%).

Table 2: The most common attributes appearing in marketing job advertisements (n=729)

<table>
<thead>
<tr>
<th>Attributes</th>
<th>Advertisements</th>
<th>% of sample</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personality Attributes</strong></td>
<td>528</td>
<td>72.4%</td>
</tr>
<tr>
<td>Bubbly</td>
<td>102</td>
<td>14.0%</td>
</tr>
<tr>
<td>Confidence</td>
<td>37</td>
<td>5.1%</td>
</tr>
<tr>
<td>Go-Getter</td>
<td>418</td>
<td>57.3%</td>
</tr>
<tr>
<td>Professional Attitude</td>
<td>75</td>
<td>10.3%</td>
</tr>
<tr>
<td>Willingness to Learn</td>
<td>87</td>
<td>11.9%</td>
</tr>
<tr>
<td>Work Independently</td>
<td>98</td>
<td>13.4%</td>
</tr>
<tr>
<td><strong>Communication Skills</strong></td>
<td>525</td>
<td>72.0%</td>
</tr>
<tr>
<td>Communication General</td>
<td>275</td>
<td>37.7%</td>
</tr>
<tr>
<td>Listening</td>
<td>22</td>
<td>3.0%</td>
</tr>
<tr>
<td>Presentation</td>
<td>64</td>
<td>8.8%</td>
</tr>
<tr>
<td>Telephone</td>
<td>23</td>
<td>3.2%</td>
</tr>
<tr>
<td>Verbal</td>
<td>219</td>
<td>30.0%</td>
</tr>
<tr>
<td>Written</td>
<td>252</td>
<td>34.6%</td>
</tr>
<tr>
<td><strong>Relationship Skills</strong></td>
<td>372</td>
<td>51.0%</td>
</tr>
<tr>
<td>Interpersonal</td>
<td>113</td>
<td>15.5%</td>
</tr>
<tr>
<td>Leadership</td>
<td>32</td>
<td>4.4%</td>
</tr>
<tr>
<td>Negotiation</td>
<td>31</td>
<td>4.3%</td>
</tr>
<tr>
<td>Networking</td>
<td>22</td>
<td>3.0%</td>
</tr>
<tr>
<td>Relationship Management</td>
<td>110</td>
<td></td>
</tr>
<tr>
<td>15.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Team Work</td>
<td>201</td>
<td>27.6%</td>
</tr>
<tr>
<td><strong>Marketing Knowledge</strong></td>
<td>351</td>
<td>48.1%</td>
</tr>
<tr>
<td>General marketing</td>
<td>53</td>
<td>7.3%</td>
</tr>
<tr>
<td>Online</td>
<td>85</td>
<td>11.7%</td>
</tr>
<tr>
<td>Sales</td>
<td>132</td>
<td>18.1%</td>
</tr>
<tr>
<td>Service / Customer service</td>
<td>95</td>
<td></td>
</tr>
<tr>
<td>13.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Media Marketing</td>
<td>32</td>
<td></td>
</tr>
<tr>
<td>4.4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Organisational Skills</strong></td>
<td>319</td>
<td>43.8%</td>
</tr>
<tr>
<td>Organisation Skills General</td>
<td>198</td>
<td></td>
</tr>
<tr>
<td>Project Management</td>
<td>40</td>
<td>5.5%</td>
</tr>
<tr>
<td>Task Management</td>
<td>102</td>
<td>14.0%</td>
</tr>
<tr>
<td>Time Management</td>
<td>107</td>
<td>14.7%</td>
</tr>
<tr>
<td><strong>Technology Skills</strong></td>
<td>288</td>
<td>39.5%</td>
</tr>
<tr>
<td>Adobe</td>
<td>38</td>
<td>5.2%</td>
</tr>
<tr>
<td>MS Office</td>
<td>208</td>
<td>28.5%</td>
</tr>
<tr>
<td>Technology Awareness</td>
<td>104</td>
<td>14.3%</td>
</tr>
<tr>
<td><strong>Analytic problem solving</strong></td>
<td>288</td>
<td>39.5%</td>
</tr>
<tr>
<td>Analysis</td>
<td>92</td>
<td>12.6%</td>
</tr>
<tr>
<td>Attention to Detail</td>
<td>170</td>
<td>23.3%</td>
</tr>
<tr>
<td>Problem Solving</td>
<td>78</td>
<td>10.7%</td>
</tr>
<tr>
<td>Research Skills</td>
<td>20</td>
<td>2.7%</td>
</tr>
<tr>
<td><strong>Business Skills</strong></td>
<td>133</td>
<td>18.2%</td>
</tr>
<tr>
<td>Administration</td>
<td>48</td>
<td>6.6%</td>
</tr>
<tr>
<td>Business Acumen</td>
<td>23</td>
<td>3.2%</td>
</tr>
<tr>
<td>International Perspective</td>
<td>23</td>
<td>3.2%</td>
</tr>
<tr>
<td>Numeracy</td>
<td>33</td>
<td>4.5%</td>
</tr>
<tr>
<td><strong>Creativity</strong></td>
<td>69</td>
<td>9.5%</td>
</tr>
<tr>
<td>Creative Skills</td>
<td>51</td>
<td>7.0%</td>
</tr>
</tbody>
</table>
Attributes that can be seen as marketing-specific appeared in almost half the advertisements (48.1%) but a broad range was covered, with only sales, service/customer service and online marketing appearing in more than 10% of advertisements. Many other marketing areas were listed in less than 3% of positions, for example B2B appeared in 11 advertisements (1.5% of advertisements), and market research in 14 advertisements (1.9%).

Discussion and Conclusions
The data from job advertisements analysed in this paper shows some consistency with previous studies. For example, Wellman (2010) also found communications and personal traits as the most common attribute clusters. Similarly, the high proportion of positions in service industries in the current study fits with what is known of employment trends. However, whereas previous research highlighted ‘service–orientation and relationship marketing’ as a key skill, this was not so evident in this study with only 13% of advertisements seeking ‘service / customer service’ knowledge and 15.1% mentioning relationship management. This warrants follow-up with employers to explore whether the importance of these skills has reduced, or whether they are being addressed in-house.

Other changes from previous literature include the reduced prominence of market research (‘market research’ knowledge was mentioned in only 14 advertisements (1.9%) and ‘market analysis’ in only 3 (0.4%)). Personality and relationship skills were much more prominent in jobs advertised, as is reinforced by the number of positions with ‘sales’ in the title (27.6%) compared to smaller number of positions with words like ‘analyst or researcher’ (6.1%). Overall, there was less mention of some marketing-specific knowledge or skills than might have been expected. For example, a knowledge of channels/logistics (noted by several studies as being important) was mentioned as a preferred attribute in only two advertisements (despite appearing in nine job titles); market segmentation (identified as core marketing knowledge by the MLOWP) was mentioned in only one advertisement, and a knowledge of marketing strategy and/or positioning were not referred to in any advertisement. One could wonder whether it is simply that employers have not stated attributes that they assume applicants will possess due to having completed a marketing degree. However, given that the majority of advertisements (80.9%) do not specify a marketing degree, this is unlikely.

It is reassuring to note that the Judgment, Analysis, and Communications learning outcomes from the MLOWP (2012) can be seen the Analysis / Problem Solving and Communication Skills categories in the current study. However the MLOWP included Social Responsibility as one of five core learning outcomes and this concept was not evident in the advertisements. Rundle-Thiele and Wymer argue for ethics, social responsibility, and sustainability as important parts of marketing degrees if they are “to equip their students with the skills, knowledge, and ideas to benefit themselves, the organizations they choose to work for, and society as a whole” (2010, p. 1). This highlights an important aspect of curricula design that cannot be met through research into industry needs – namely the requirement for institutes of higher learning to consider the needs of society as a whole and endeavour to produce good citizens for the long term, not simply graduates who match current job requirements.

The prominence of non-disciplinary skills in the results of this (and other research) raises challenges for educators. For example, to what extent can a university produce a ‘bubbly go getter’ who can work independently and shows a willingness to learn? Each institution must reflect on whether they are nurturing the attributes sought by current employers through a genuine focus on generic skills. The types of learning materials used and the manner of their delivery; the kinds of assessment; and the personal relationships within the institution will all...
affect the development and/or display of generic attributes, in particular the confidence of graduates and their interest in lifelong learning.

**Future research**

This paper is the first report on what is intended as a large longitudinal study. Economic conditions, a changing business landscape, and shifting perceptions of the role of education are all likely to impact on the type of positions advertised and the manner in which requirements are described. Identification of patterns may enable universities to predict changing employer needs and revise curricula without the current time lags. The results reported in this paper raise many questions but planned qualitative work with advertisers and graduates will enable more nuanced understanding to better inform curriculum design.

**References**


Team-Based Learning for Post-Digital Natives: A Reflection on Digital Native Paradigms of Student Engagement from a Learners’ Perspective: An Exploratory Study

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Herbert Sima, University of Auckland, h.sima@auckland.ac.nz

Abstract
Teaching paradigms have changed over the years to respond to changing environments, expectations and demands. The arrival of the ‘digital natives’ initiated much pedagogical debate around the benefits and challenges posed by new and existing educational archetypes and their application to students whose learning was purportedly very different to any cohort that preceded them. Each of these archetypes have their own operational demands that must be balanced against student needs and the educators’ desire for greater student engagement. This paper reflects on the large-scale implementation of Team Based Learning (TBL) for first year students in the context of this broader dialogue around digital nativity, and it explores the possible future directions of marketing education as we move into a post-digital native learning environment. This will be discussed in relation to changing trends in university education generally as well as with regard to marketing education more specifically.

Keywords: Digital Natives, Engagement, Team-Based Learning, Marketing Education.
Track: Marketing Education

1.0 Introduction
1.1 Digital Natives and Team-Based Learning – The Fundamentals
The ‘digital natives’ are the generation born between 1980 and 1994 (Prensky, 2001) that have now largely passed through undergraduate educational programmes. This generation were the first to have been born into and raised in a world of “pervasive and ubiquitous” (Tilvawala, Myers & Sundaram, 2011, p.1) technology, and have consequently raised many questions about traditionally accepted educational norms. In marketing education as in a number of other fields, the challenges of engaging and intellectually stimulating a cohort who were accustomed to being constantly stimulated needed to be balanced against the requirements for academic rigor, and the practicalities of the large, diverse classes that today define many undergraduate programmes. Spurred by the dialogue around hyperconnectivity (Kolb, Caza & Collins, 2012) and engagement (Chad, 2012 and Taylor, Hunter, Melton, & Goodwin, 2011) which drove and informed the adoption of pedagogical shifts from traditional lecture-based teaching methods to philosophies and practices that precipitated more active classrooms through devices like team-based learning, many institutions and educators are now faced with the next generation - ‘Generation Z’ or the “post-millennials” (Poggi, 2013) as the popular press are now referring to them, for whom digital native paradigms may not be a perfect fit in a post-digital native world.

For the digital natives, online interactions and learning through a variety of media channels sustained their desire for knowledge beyond the conventional one-way flow of information characterised by traditional educational paradigms (Prensky, 2001). This raised questions amongst marketing educators about how students with increased access to technological devices should best be engaged. As in work settings, some of those devices could be very disruptive to productivity. Student engagement particularly in large-scale courses could be compromised by the hyper-connectivity of students (Aggarwal & O’Brien, 2008, and Kolb, et. al., 2012). In recognising the requirements of digital native learners and the need to respond to their demands, The University of Auckland Business School (the business school) like a number of other educational institutions,
responded by shifting from a traditional passive lecture delivery model to a more active and engaged TBL model of marketing education.

TBL - the process of “developing and using learning teams as an instructional strategy” (Michaelsen & Sweet, 2008, p. 9) requires that students be placed into teams for the duration of a semester. The formation of these teams is deliberate and aspires to maximise diversity aimed at in-class team activities for which students are required to prepare prior to class. To ensure an equitable degree of foundational knowledge, students begin every class with a readiness assurance process that comprises a short individual multiple-choice test, followed by a repeat of that same test as a team. Instant feedback is provided on the computerised testing process, and based on apparent gaps in knowledge that are evidenced by this process, a short mini-lecture is provided to allow for clarifications. Prior to this short mini-lecture, students have the capacity to appeal their test results if they feel there is just cause. To do so, they must make a convincing argument for their alternate answer. Once this testing process is complete and the instructor is satisfied that the class has an adequate foundational understanding of the content material, the remaining time is spent on in-class team ‘application activities’ that require students to apply the content material upon which they have just been tested. The application exercises follow the 4S’s philosophy of TBL (Michaelsen and Sweet, 2008) in which the problems must first be significant to enable relevance and capture the interest of the students. Secondly the teams must all be given the same problem to work on to enable opportunity for potent class-wide discussions. Thirdly, students must make a specific choice to enable the opportunity to compare, justify and discuss their choice across the class. Finally, the reporting back of decisions must be simultaneous so that student choices are not influenced by their peers prior to class discussions taking place. In most cases the teams make their choice by simultaneously voting with a set of cards labelled with a choice of alphanumeric options that correspond to the options available in the exercise they have just completed. Students are expected to justify their answers, but there are also other methods of simultaneous reporting. These include a ‘gallery walk’ if students have completed visualizations or concept maps; pins (or post-it notes) on a board (or smart board) indicating their choice, and getting up and presenting to the class.

The objectives of this strategic shift towards TBL by the business school were to: 1) help students to transition to university studies; 2) provide opportunities for students to work in teams and develop communication and critical thinking skills; and 3) enhance student engagement in an environment that embraced the ubiquitous nature of digital technology in their lives. The decision was made to implement two large-scale, interdisciplinary first year business courses anticipating 2100–2500 students at any given time, and entirely based on TBL. This was a considerable paradigm shift both within the Auckland business school, and within New Zealand business schools more generally. As the digital natives are gradually moving on from undergraduate studies however, there is now a need to re-evaluate the premises underlying this shift and its ongoing relevance to future generations. This paper grounds itself in the rationale behind current pedagogical practices in marketing and management education at the business school, and utilises exploratory data to identify questions for future research that aims to shed light on a way forward for the next generation of learners. The major contributions of this study are its focus on the learners themselves, and a discussion of their needs within large-scale and complex teaching environments.

1.2 TBL and Engaging the Next Generation

The needs of digital native learners alongside the advent of growing technological capacities, the introduction of ‘massive open online courses (MOOCS) and other non-traditionally situated classroom formats has increasingly challenged conventional lecture-based pedagogies. Against this backdrop, TBL allows students to connect with each other and with teaching staff in a manner that is exceedingly difficult to replicate in very large lecture-based classes or the still emerging MOOCS.
Research on the engagement of ‘digital native’ marketing students (Russell-Bennett, Rundle-Thiele, & Kuhn, 2010) has suggested that they like learning activities with more hands-on experiences. For this cohort various researchers have recommended an emphasis on the increased use of interactivity in learning, the increased use of technology and increased levels of practical emphasis in pedagogy which link class activities to future professional roles and intellectual growth (Hamer, 2000; Bartlett, Frederick, Gulbrandsen & Murillo, 2002; Johnson and Liber, 2008; Desautel 2009; Chi, 2009, Lucas, 2010). Michaelsen’s (2008) TBL model aligns with many of these goals and aims to promote student engagement through teamwork and pre-class preparation. The benefits of this model include “improved attendance, increased pre-class preparation, better academic performance, and development of interpersonal and team skills” (Michaelsen & Sweet, 2008, p.5).

A traditional lecture-based model for a cohort of 2100-2500 students would have involved a number of large lectures, and possibly an even greater number of small tutorials. Even with video clips, guest lecturers and planned in-class discussions, this was a very passive learning experience for students, with a flow of information essentially in one direction, contrary to the “parallel processing and multi-task[ing]” (Prensky, 2001, p. 2) the digital natives are believed to respond best to. Marketing and other business educators who use this model are often faced with the challenges of poor student participation and declining student attendance, particularly where lecture recordings are provided online. This is particularly problematic for large compulsory courses where poor student engagement is compounded by an endemic lack of motivation, which undoubtedly has follow-on effects for student performance. Increasingly therefore, paradigms are shifting from a curricular focus to a student engagement focus (Johnson, Adams, Estrada, & Freeman, 2014). This is in line with the rationale underling pedagogical shifts at the business school, and the formation of two foundational interdisciplinary courses – Business 101 and Business 102, which operate at a large scale and aim to provide the university’s increasingly diverse first year students with an expansive initiation into business studies with a particular focus on marketing and management content.

Student engagement is a particular concern with regard to marketing courses (Chad, 2012), in which the constant distractions from electronic devices compete with a marketing environment that is in itself now heavily reliant upon digital and social media. The prominent challenge raised for marketing educators in this situation is a need and desire to teach the fundamental uses of the media in a manner that engages students within a classroom without the inherent distractions and noise that are equally perennial to the tools being used. Although some higher education literature has established that TBL can improve student engagement, deep learning and critical thinking skills (McNerney & Fink, 2003; Michaelsen and Sweet, 2011; Taylor et al., 2011; Chad, 2012; Drummond, 2012), there are some mixed results found by other researchers (Haidet, Morgan, O’malley, Morgan, & Richards, 2004 and Findlay-Thompson & Mombourquette, 2013), and no specific studies of post-digital native learners. To date, the TBL model has been used in various countries but is still relatively new to many marketing educators (Chad, 2012). It has been employed at the business school largely in response to ‘digital native’ learning styles, but must now be re-examined for its broader capacity to engage future generations beyond a premise of learning driven by ubiquitous technology, because of evolving values and the extent to which that technology is now arguably taken for granted in the daily lives of learners.

2.0 Research Approach and Key Findings
This paper is based on an exploratory pilot study that undertook a qualitative methodology. The main focus of this study was to understand how best to engage post-digital native students in the context of pedagogical paradigms designed for digital natives. The research is thus undertaken from a learner’s perspective. The goal of this study has been to understand how the TBL model is
perceived by post-digital native learners in large-scale first year courses rather than to use statistical procedures to measure or quantify variables (Strauss & Corbin, 1998). The richness of the qualitative and evaluative data captured in this exploration provides an interesting basis from which further research can be conducted. The exploratory nature of this paper moreover, has allowed for insights beyond what is already known by the researchers/educators about the application of the current TBL model, and to uncover deeper learner perspectives and perceptions of the same pedagogical practices. The data both confirms and contradicts some of the authors’ three and half years of embedded reflection.

There were 2260 students from across two compulsory undergraduate courses and 20 different streams that participated in this exploratory pilot. There were approximately 100 to 113 students in each stream, with a mix of genders. Students were asked two open-ended questions about their TBL experiences. These questions were ‘What was the most helpful for your learning?’, and ‘What improvements would you like to see?’. These questions were deliberately general in order not to be leading, and to garner a breadth of responses. The data was collected at the end of the final class of the semester, and the response rate was 94% from both Business 101 and Business 102 though the survey was voluntary and not all students chose to participate or to write qualitative comments. This reflects the generally higher attendance and engagement rates in active TBL classes as compared to more passive lecture-based classes, which anecdotally report considerably lower corresponding rates.

The findings generated from the pilot data are interesting and indicative of several areas of potential future research. Some of the more commonly repeated findings are summarised in the Table 1. The overall results suggest that students were very satisfied with the teamwork elements of class, with 84% indicating that they were very happy with their team experience. This corresponds with the fact that team performance is largely always stronger than individual bests, thus reinforcing the ongoing pedagogical value of the TBL model for post-digital native learners. Similarly, 78% stated that TBL made their first year experience more personal, 68% perceived that TBL was very helpful to their learning, and 67% believed that their skills in teamwork were enhanced through the application of TBL.

Table 1: Summary of Findings (Student Comments on Team-Based Learning)

<table>
<thead>
<tr>
<th>What was the most helpful for your learning?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Teamwork</strong></td>
</tr>
<tr>
<td>“I love team discussion and also application exercises”</td>
</tr>
<tr>
<td>“I love team discussions!”</td>
</tr>
<tr>
<td>“Working in a group”</td>
</tr>
<tr>
<td>“More team based activities”</td>
</tr>
<tr>
<td>“More class discussions”</td>
</tr>
<tr>
<td>“More participation from students in TBL workshops”</td>
</tr>
<tr>
<td><strong>Facilitation</strong></td>
</tr>
<tr>
<td>“Good examples used during the class”</td>
</tr>
<tr>
<td>“Instant feedback during the class”</td>
</tr>
<tr>
<td>“Discussion and feedback from application exercises given”</td>
</tr>
<tr>
<td>“More mini lectures”</td>
</tr>
<tr>
<td>“use more examples for the explanations”</td>
</tr>
<tr>
<td><strong>Class Atmosphere</strong></td>
</tr>
<tr>
<td>“Music before class was motivating”</td>
</tr>
<tr>
<td>“positive atmosphere”</td>
</tr>
</tbody>
</table>
Technology

“I love the webcasts”

Content and Format

“Long workshops need to be shortened”
“less readings”
“More materials covered in class”

3.0 Discussion and Conclusions
This paper has reflected upon learners’ perceptions of TBL within the context of large-scale undergraduate marketing/management courses at the business school. Overall the TBL model has been recognised in this paper as enhancing the engagement and participation of post-digital native learners through an applied and active learning philosophy. Interestingly however, very few participants in the pilot study commented on the immersive use of technology in their TBL experience with the exception of webcasts. This is notable because alongside the smart boards and webcasts, the embedded nature of the technology in the testing process also plays a very significant role in their current TBL experience. These aspects of the TBL model were designed to respond to digital native learning styles, but appear less significant to post-digital native learners than interpersonal aspects of TBL such as interactions within their teams and with their facilitators. Comments on the webcasts may be viewed as reflecting visual learning styles and the apparently universal desire for less readings rather than any particular engagement with the technology underlying them. Future research should therefore explore this finding more specifically to determine whether this is because of a greater emphasis placed on interpersonal relationships by post-digital natives, or rather because the role of technology is now expected to be so pervasive in educational spheres as to be a redundant point of discussion amongst learners. Such research should be undertaken over the course of a number of semesters, and should seek not only to garner learner perspectives as the pilot has done, but also to actively measure the impact of technological factors on learner outcomes in comparison to traditional lectures and teaching environments in which technology is a less embedded aspect of the educational experience. This will assist in determining the ongoing applicability of pedagogical premises developed for digital natives in post-digital native teaching environments.

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MARKETING EDUCATION ABSTRACTS
Using Marketing Principles in Higher Education: The Irresponsibility of Treating Students as Customers

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Abstract

This paper explores the dangers associated with applying marketing principles to the management and operation of Higher Education institutes in Australasia. As agents of change and transformation, academics have a responsibility to see students develop and grow; however, it is argued that treating students as primary customers negates the ability that lecturers have to encourage change. Indeed, the ongoing focus on student satisfaction as a primary driver of a lecturer’s ability can dissuade an educator’s ability to act as an agent of change and ignores that fact that students, although consumers of Higher Education, are not the primary customer. Student satisfaction should not be regarded as the main (and often only) determinant of a lecturer’s ability. Rather we should look to measure society’s growth in knowledge and employers’ ability to hire a productive workforce, too.

Keywords: Higher Education, Marketing Principle, Consumerism, Students as Customers

Track: Marketing Education
MARKET RESEARCH
FULL PAPERS
Empirical Comparison of Hypothetical Methods for Measuring Price Sensitivity

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Abstract
This research aims to compare the price sensitivity measures given by three hypothetical declarative methods on independent samples of consumers. The comparison concerns two direct methods incorporated into van Westendorp’s (1976) PSM methodology, the acceptable price method and the price judgment method, and one indirect method, the repeated choice approach proposed by Gabor and Granger (1966). For a staple consumer product and online data collection, the results of a logistic regression show that these methods do not yield significantly different measures.

Keywords: pricing; method; new product; Gabor & Granger; PSM, van westendorp, empirical comparison
Track: Market Research

Background
When making a pricing decision, a company selling consumer staples seeks to simulate the consequences of its decisions for sales and profits. When price elasticity cannot be determined due to a lack of behavioral information (experiment, panel, observation), the decision is founded on price sensitivity, measured on the basis of declarative information collected through questionnaires. The concept of price sensitivity is imported from psychophysics, and defined as the latent variable corresponding to the effect the price has on a potential buyer’s declarative responses (Monroe, 1971). Overall price sensitivity is described either by a buy response curve (Monroe, 1971) or by specific points along that curve, such as the penetration price, which minimizes the overall rejection frequency, the indifference price, which corresponds to a neutral assessment (the product is considered neither expensive nor cheap) (van Westendorp, 1976) and the willingness to pay, which corresponds to a 50% rejection rate by buyers.

Declarative methods have been criticized because the responses obtained are influenced by traditional survey biases (sample representativeness, degree of realism in the interview setting, influence of the questionnaire) and also by a response bias related to the hypothetical nature of the question’s context. As a result, using incentive methods has often been recommended, because they lead the respondent to consider the real-life financial consequences of the answer (Wertenbroch and Skiera, 2002). But the true importance of the differences caused by the data collection method, and their consequences for decision-making, has been considered of only relative importance. Comparison of declarative and incentive methods (Backhaus, Wilken, Voeth, Sichtman, 2005; Miller, Hofstetter, Krohmer and Zhang, 2011) confirms that these methods give different results but also show that the differences have no significant impact as regards normative implications for pricing. In particular, the single open question method leads to a good estimation of price sensitivity, which is overestimated by incentive methods (Miller et al., 2011).

This study aims to extend the results of the comparative study by Miller et al. (2011), which only used one open question about the reservation price. Other declarative methods frequently used by companies (Steiner and Hendus, 2012) are compared here: on one hand, direct methods involving open questions on the high and low limits of the acceptable price range (Adam, 1969 and the two questions about perceived expensiveness proposed in van
Westendorp’s (1976) PSM, and on the other hand, Gabor and Granger’s (1966) indirect method involving repeated choices at different prices. These methods are compared with each other in an experimental inter-subject framework, using a large sample of general consumers interviewed online. This study extends the research conducted by Miller et al. (2011), by focusing on an existing product rather than a new product, and improving the level of realism in data collection (the presentation shows a competitive environment, and respondents are filtered based on their interest in buying the product).

**Declarative methods for measuring price sensitivity**

The declarative methods compared here expressly consider the two roles played by price in development of a consumer’s preferences: indirect information on quality, and indirect information on the expensiveness. They are coherent with conceptualization of a price anchor, which is used to make a judgment about the price, as a range rather than a specific value. The theoretical framework incorporating these methods is presented in Figure 1. It is derived from the model proposed by Monroe (1990) to relate price to the choice of one product among others (willingness to pay). The choice process is based on the assumption that the consumer forms a judgment about the price based on the difference between the asking price and an price anchor (Lowengart, 2002; Mazumdar, Raj and Sinha, 2005): the greater this difference, the lower the perceived value and propensity to buy.

**Figure 1: Theoretical framework**

Declarative methods therefore concern different levels of the purchase decision.

- **(1) The direct method of acceptable prices** (Adam, 1969) asks the buyer for his high and low price limits: beyond those limits, the purchase is rejected either because of a doubt about quality because the price is below his low price limit (Monroe, 1973), or because the price is above his high price limit and therefore considered too expensive.

- **(2) The direct method of price judgment** (van Westendorp, 1976) asks the buyer which prices would lead him to consider a product “expensive” or “cheap”, framing an “indifference price” that is considered fair.

- **(3) Gabor and Granger’s indirect method** (Gabor and Granger, 1966) asks the buyer if he would be willing to pay at different prices presented successively, and the reasons for any refusal to buy (perceived expensiveness or insufficient quality).

Comparative studies of direct and indirect methods for consumer staples are few and far between, and not recent. The large-scale study by Gabor and Granger (1966) concludes that the two types of method give similar results. But this study dates from a long time ago, does not cover online data collection, and most importantly examines a category, not a product. Comparisons have also been conducted in economics between contingent evaluation methods.
(questionnaire-based methods with no obligation to buy, comparable to declarative methods). When they concern goods that have no market references, as is the case in environmental economics, the conclusion is that direct methods based on open questions lead to a lower (or equivalent) willingness to pay than indirect methods (discrete choices) (Backhaus et al. 2005). However, when the comparisons concern consumer products, the differences between methods are not significant (Frykblom, 1997; Loomis et al., 1997).

Online data collection over the internet could result in different results from face-to-face data collection. Respondents’ behavior in web surveys displays faster reactions, but also a quicker loss of interest (Couper, Traugott and Lamias, 2001). The indirect method (G&G), based on repeated discrete choices, draws attention to the price and artificially increases price sensitivity compared to indirect methods using open questions. It is thus hypothesized that willingness to pay is lower in indirect methods.

Data collection

Experimental design and measures

The questionnaire for this study comprises three sequences: shopping habits, price-specific questions for each method and socio-demographic variables. In the direct method, open questions are used to ask about prices (Acceptable prices and Perceived expensiveness). There are two questions for acceptable prices: the low price limit at which a product is rejected due to poor quality (Quality-based rejection, TC – Too Cheap) (“From what price do you start to consider the product so cheap that you feel the quality cannot be good at that price?”) and the high price limit at which a product is rejected for being too expensive (Expensiveness-based rejection, TE – Too Expensive) (“From what price do you start to consider the product so expensive that you would not buy it?”). Two questions concern the judgment of perceived expensiveness (“From what price do you start to consider the product cheap?” (C – Cheap) and “From what price do you start to consider the product expensive?” (E – Expensive). For Gabor and Granger’s indirect method, each respondent is presented with a succession of ten prices in random order. The accompanying questions are: “You are going to see several prices presented in random order. If the product was on sale at that price would you buy it?” (I would buy at that price/I would not buy it); and in the event of refusal to buy, “What is your main reason for not buying [brand x]? (I consider it too expensive / I consider it too cheap / other reason)”.

Participants and Product

The chosen product category is a standard consumer staple which the consumer has experience of buying, and therefore some knowledge of the prices (Vanhuele Laurent and Drèze, 2002). It is a 1kg packet of white rice, which has a high penetration rate (90%). Each household in France buys an average 5.38kg of this product per year, according to Kantar Worldpanel (2012).

The ten prices tested range from €1.90 to €3.25, rising in increments of €0.15 (AUSS2.79 to $4.78). They lie within the range of extreme prices noted for the brand from a panel of retailers (from €1.81 to €3.29, or -34% and +16% in relation to the mean price (€2.74). Measures of perceived quality and perceived expensiveness on 6-point Osgood scales are taken for an independent sample of 1,500 people. A linear regression shows that for the ten prices tested, manipulation has a positive effect on rejection due to price ($R^2 = 0.13; \text{estimated coefficient} = 2.373; t = 14.7; p<0.0001$) but has no effect on rejection due to quality ($R^2 = 0.009; \text{estimated coefficient} = 0.241; t = 1.46; p = 0.145$).
The stimulus is a photograph of the packaging with its description, its weight and its price. The competitive environment is represented by five products which together account for more than 90% of market share in the category (one discount brand product, one private label brand and three national brands), with prices ranging from €1.45 to €2.48. These products are presented in the same order and strictly identically in each method. Data were collected online from an access panel of 458 buyers in the relevant product category. The sample composition is as follows: 52% women, 51% households with at least one child, average respondent age: 38, average annual salary declared: €28,000. Two samples are formed by random allocation of the respondents, a first sample for the direct method (n = 215), and a second for the indirect method (n = 243). Consumption is influenced by household size (presence of children) and income (higher consumption in lower-income households). As the data for the panel indicate that the average price paid is positively influenced by age and income, and negatively influenced by household size, these variables are considered as the control variables. The two samples are comparable on the “presence of children” variable ($\chi^2 = 1.05; p = 0.59$) and the “income level” variable ($\chi^2 = 3.61; p = 0.46$).

**Results**

The first analysis solely concerns the answers to the open questions in the direct method. A second analysis then compares the methods for the 10 prices tested under the indirect method.

**Analysis of answers in the direct method**

Empirical data analysis is conducted by constructing the cumulative frequency functions of the answers and calculating four characteristic points at the intersection of the resulting curves, which may be inverted. According to van Westendorp (1), the optimal price point (OPP) ($p_1 = €1.95$), which maximizes the frequency of acceptance based on price acceptability questions, lies at the intersection of the cumulative upward “TE” expensiveness-based rejection curve and downward “TC” quality-based rejection curve; (2) the “indifference price” (IP) ($p_2 = 2.11€$) corresponding to a neutral perception of prices (neither cheap nor expensive) is found where the frequencies of inverted cheapness (“Not cheap” $C^* = 1-C$) and expensiveness (“Not expensive” $E^* = 1–E$) judgments are equal; the “price acceptability zone” is bounded by two price limits, defined by the intersection point of the price acceptability and price judgment frequency curves, (3) the “low price limit” (LPL) ($p_3 = 1.18€$) lies at the intersection between the TC and C* curves and (4) the “high price limit” (HPL) ($p_4 = 2.97€$) is at the intersection of the TE and E* curves. Two cumulative curves for acceptable prices and neutral price judgments are calculated as the difference (Figure 2).

Figure 2: Empirical cumulative frequencies for questions on acceptable prices and price judgment
Analysis of answers for the 10 prices tested

The method comparison studies only the frequencies for the 10 prices tested, and as the table shows, at these prices, rejection due to poor quality is low or non-existent. Only frequencies corresponding to a price considered too expensive (TE) or expensive (E) are studied respectively for the acceptable price and price judgment methods. A logistic regression is conducted to explain acceptance or rejection based on the price logarithm and individual covariables. The data are pooled and the regression is conducted on individual data, taking into account repeated measures for each individual (GENMOD procedure in SAS 9.2). The results of the estimation are reported in Table 1.

Table 1: Estimation results of a logistic regression for each method

<table>
<thead>
<tr>
<th>Method</th>
<th>Constant (a)</th>
<th>SE</th>
<th>z</th>
<th>Price coefficient (b)</th>
<th>SE</th>
<th>z</th>
<th>Corr(a,b)</th>
<th>wtp</th>
<th>SE(wtp)</th>
<th>wtp_min</th>
<th>wtp_max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acceptable price</td>
<td>-8.046</td>
<td>0.888</td>
<td>-9.06</td>
<td>7.131</td>
<td>0.732</td>
<td>9.74</td>
<td>-0.900</td>
<td>3.484</td>
<td>0.801</td>
<td>2.893</td>
<td>4.074</td>
</tr>
<tr>
<td>Price judgment</td>
<td>-6.872</td>
<td>0.649</td>
<td>-10.59</td>
<td>7.404</td>
<td>0.507</td>
<td>14.61</td>
<td>-0.805</td>
<td>2.839</td>
<td>0.201</td>
<td>2.444</td>
<td>3.233</td>
</tr>
<tr>
<td>Gabor &amp; Granger</td>
<td>-6.896</td>
<td>0.560</td>
<td>-12.32</td>
<td>8.037</td>
<td>0.429</td>
<td>18.74</td>
<td>-0.723</td>
<td>2.614</td>
<td>0.160</td>
<td>2.300</td>
<td>2.977</td>
</tr>
</tbody>
</table>

The goodness-of-fit index is 6489, compared to 8634 for a model with a constant only, i.e. McFadden’s R² is 0.248. All coefficients are significant at the 5% level. The coefficients obtained can be used to calculate willingness to pay. The definition applied for willingness to pay is the median price at which the rejection and non-rejection frequencies are identical and equal to 50% (Le Gall-Ely, 2009). This point corresponds to the absolute threshold, which is also known as the point of subjective equality for a psychometric function (Miller and Ulrich, 2001). The willingness to pay is calculated by dividing the opposite of the constant by the price coefficient. The confidence interval for the willingness to pay is unknown, and must be estimated either by simulation or by calculation, assuming normal distribution, under the Delta de Cameron (1991) method used here. Compared to the willingness to pay resulting from the acceptable prices method, the willingness to pay resulting from the price judgment method and the G&G method are 18% and 25% lower. But given the scale of the confidence interval, these values are not significantly different under the habitual risk threshold of 5%.

Discussion

When pricing their products, firms must choose between different methods to determine how demand will respond to price. The choice of method primarily depends on the operational characteristics of data collection (how easy and quick it is to collect and process data at a low cost). The many operational advantages of direct open questions, especially in the PSM method, have resulted in frequent use of this method by firms (Steiner and Hendus, 2012). The second factor in the choice is the extent of the biases created by the interview technique. The comparative study by Miller et al (2011) concludes that the open question-based declarative method suffers from a hypothetical response bias that is not found in binding choice methods, but that the differences have no real managerial significance for pricing a new product. Furthermore, the advantage of reducing the hypothetical bias in incentive methods appears to result in overestimation of respondents’ price sensitivity. This study extends the results of previous studies along several dimensions: first, by considering two open-question methods that take into consideration the dual role played by price in consumer decisions (the PSM method developed by van Westendorp, 1976); next, by considering an existing product for which the consumer should have good knowledge of prices; and finally by using an online data collection method which is increasingly gaining ground on face-to-face collection.
Direct comparison of the results of the different methods is not possible, because they do not relate to the same concepts. The optimal price point in the acceptable price method maximizes penetration, and the indifference price point in the price judgment method maximizes the frequency of a price being considered “fair” (neither expensive nor cheap), whereas the Gabor and Granger method considers a willingness to pay at which the acceptance rate is equal to the rejection rate. The characteristic prices of the PSM method are thus always lower than those in Gabor and Granger’s indirect method. So only the willingness to pay can be compared, and the principal finding is that willingness to pay is not significantly different under the different methods, even though, as expected, the price coefficient is higher in the indirect method than the direct methods. Observation through descriptive analysis indicates an additional avenue for research: the apparently equivalent levels of price sensitivity could be misleading, as the rejection frequencies in direct methods are strongly influenced by “round prices”. Between such prices, price sensitivity is much lower. Use of non-linear models should be considered to take these threshold effects into consideration.

References


Some pitfalls of statistical analysis and the progress of knowledge accumulation in Marketing

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Abstract
Some common misconceptions about statistical analysis are discussed. Many poor practices in published Marketing research are due to a simple lack of knowledge of statistical concepts, rather than any real systematic bias against good practice. So it is reasonable to believe that mere awareness of the problems will lead to their elimination, or at least reduction.

Some other problems, for example spurious correlation, are more difficult to address. This leads to consideration of how inherent deficiencies of statistical methods relate to the possibility of accumulation of a reliable and valid knowledge base in Marketing.

It seems clear that the way forward is a cultural shift in publication practices. One-off studies that claim to test models or theories should be down-weighted by journal editors, and studies that explore domains of applicability, by rigorously comparing new results with previous results in a meta-analytic framework, should be given very high priority for publication.

Keywords: statistics, significance testing, spurious correlation, meta-analysis

Track: Market Research

Introduction
This isn’t a normal academic article. It contains very few citations, very few exam- ples and no original research. Instead, it’s an appeal to reason. It’s essentially an essay,—or perhaps ‘polemic’ might be a better word. For this reason, I’m writing in the first person. What I am going to discuss is based on my experiences over about 25 years of reviewing articles submitted for publication in Marketing (and other) journals, and teaching statistics to Marketing students and faculty. Furthermore, I’m not going to raise any points that haven’t appeared in print before. But it seems to be important to continue to raise these points, because some extremely com- pelling reasons to point out that our Emperor (quantitative Marketing research) is, in fact, quite naked, seem to have gone unheard and have had very little discernible impact on mainstream practices in our field.

I’m not going to cite examples because many of the points that I’m going to discuss are either self-evident, or are common knowledge. More importantly, I’m also going to heavily criticize some common practices in Marketing research. So I don’t want to embarrass people by using them as examples of what I regard as silliness.

This is a polemic, but it’s not meant to be an unfriendly one. I know that (a) life is hard, we are all busy people and are continually expected to get more done with fewer resources; and that (b) we can’t all be experts. Hence, my aim is to write a friendly guide that will help improve the situation for all of us.

Quite simply, I want to help us avoid believing things for which there is no, or very little, credible evidence. This article is about unfounded claims made by quantitative researchers, in
particular those of us who use frequentist analytical methods, especially null-hypothesis significance testing (NHST). But I’m not going to argue in favour of Bayesian or resampling methods, although those alternative paradigms certainly have at least as much merit as frequentist statistics. Rather, what I am going to advocate is a healthy distrust of all statistical results and methods, and the tendency to regard them as magic, or a substitute for scientific thinking, and scientific investigation of human affairs, e.g. economics, business and marketing. For more on this attitude to statistical analysis, see Tukey (1969).

So, here is what I want to say: statistical analysis doesn’t prove a goddamn thing. (It doesn’t even prove things that aren’t damned by any particular god.) A “significant” statistical result, whether judged from a frequentist, Bayesian or resampling paradigm, is not the end or final word on theory building and/or testing, but rather a step along the way. At best, a significant result is (some) evidence that your theory is not wrong. This is, of course, no evidence at all that it’s right. For that you need a plausible and falsifiable description of the precise causal mechanism that generates your outcome(s) of interest (Popper, 1959/2002). Those of you who teach statistics or philosophy of science (or are capable students of these subjects) will probably be thinking, “Tell me something I don’t know!” To which I respond, “OK, so if we all know these things, then why do we act as if we don’t?”

Now, on to the list of things that have appeared in print that make me wonder “How could someone be so silly?”, often before realising that I’ve done the same thing myself. So, I’m not so smart, but I want to help people embarrassing themselves in public, or at least pre-disposing reviewers to rejecting their manuscripts.

**Some things that make me go “hmm”**

Below I will discuss some things that we should not do when we think and write about quantitative research. As mentioned above, some of these are extremely obvious. But if that’s the case, *why do we still do them?* My working hypothesis is that these deficiencies are a result of an understandable reluctance to state the obvious, especially when working within a word limit. For example, because so much research in our discipline is based on self-completion questionnaires, to discuss the inherent problems of the relationship between self-reports and actual behaviour would seem akin to pointing out that water is wet. The unintended consequence of not stating the “obvious” explicitly is that a generation of students read our articles and then go on to become teachers themselves without ever thinking in any great depth about this issue. Or, if they do think about the issue, they could be forgiven for thinking that because no-one points out that it’s a problem, then it isn’t a problem. This effect is well documented in social psychology, where it goes under the name of ‘pluralistic ignorance’ (see, for example, Latané & Darley, 1968).

**Correlation is not causation**

We all know, and many of us have told this to other people, that correlation is not causation. Furthermore, we know that that correlation is a necessary but not sufficient condition for assessing causation. (The other two being temporal precedence and lack of alternative explanations—and there is always at least one alternative explanation.) Yet the literature is replete with examples of treating a significant Pearson r, or a β coefficient in regression, a λ

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8 For many reasons, not least of which is that there for any given state of affairs, there is always more than one explanation. This is known as the Duhem-Quine thesis. You can take that on faith, or read Quine (1951, 1960) for a logical proof.
estimate in factor analysis or structural equation modelling, as if it proved something. Very few of us will be so rash as to use the word ‘prove’, of course. But the implicit presumption is still there in a distressingly large number of published articles.

This is particularly evident in the field of correlation and covariance structure modelling, i.e. factor analysis and structural equation modelling (SEM). We know that factor rotation is arbitrary (i.e. a different rotation, with different substantive implications for theory, fits the data equally as well). This even has a name: factor indeterminacy. In the field of SEM there is the related and well-known problem of equivalent models, i.e. models with completely different and perhaps even directly contradictory meanings to our hypothesised model will fit the data equally well. Yet how often are these issues explicitly acknowledged, or better yet: addressed, in our research reports? The solution to the problem of correlation not being sufficient to assess causation is, of course, experiments. Experiments still cannot “prove” causation, but they rule out many more alternative explanations.

Conflating statistical with substantive significance

“The effect is small but statistically significant.” How often have you read a statement either literally those words, or a close paraphrase? The uneducated amongst us (I don’t mean that pejoratively: not everyone can be an expert) usually take that to mean “small but important”, or something similar. But what it means is “It’s likely that the small effect that we’ve observed in our sample is also small in the population.” Furthermore, the quantification of likelihood is only valid if all the assumptions of our test has been met, in particular random sampling, which is never literally the case for research in which human beings can choose whether they participate or not.

I tell my students that what “statistically significant” literally means is “probably not zero”. Almost all our null hypotheses are that some test statistic is zero, and that is what p-values relate to (i.e. the probability of Type I error). They contain very little information about the size of the effect, in particular because small effects can always be made to be significant simply by increasing the sample size (or decreasing the standard deviation, which is usually more difficult).

And what’s so special about α = 0.05 (or 1%, or 10%?) Why 5%? There’s a simple answer for that, but not a very satisfying one: it’s merely a social convention that’s arisen because of a historical accident. Not really an accident in terms of something going wrong, but rather in the sense of a particular combination of circumstances in effect at one time and that could easily have been different, and led to a different outcome. In other words, no logical reason. Furthermore, any arbitrary value for α that is meant to apply in all circumstances is nonsensical. This is because p-values quantify the level of Type I error, i.e. the probability that rejecting H₀ would be a mistake. The degree to which an incorrect judgement is a bad thing, and hence to be avoided, is context-specific. I ask my students “Would you give me $1 if you had a 5% chance getting $100 in return?” Most or all would. Then I ask “Would you jump out an aeroplane at 5,000m if there was a 5% chance that your parachute would fail?” No-one would. So it seems clear that tolerance for risk (α) depends on (at least) two factors:

1. Personal tolerance for risk (some people are more risk averse than others)

2. The upside and downside outcomes: i.e. the probability and severity (or beneficence) of each outcome (i.e “winning” and “losing”)
So it seems really strange, if not totally ridiculous, that we’d use the same risk tolerance level for all people and all scientifically or financially interesting questions. The only justification for this practice that I can see is that it saves us from having to think too hard about what our results really mean. Other objections to NHST include:

- The null hypothesis is always false. For example, you may want to test whether there is a difference between the reaction of males and females to an advertisement. If you could measure the reactions of the entire population, it beggars belief that the difference between mean or median reaction, or the proportion of reactions that were positive, would be exactly zero. “Always” in this statement is probably hyperbole, as it may be possible to contrive a possible (but highly improbable) counter-example. But the main point is clear: null hypotheses are the ultimate straw man.

- The pure nonsense of deciding that if \( p < 0.04999 \) then there’s no effect in the population, but if \( p < 0.05000 \) then there is. Add this to the fact than in many cases we can arbitrarily tip the scales in the desired direction merely by removing a few cases (because they are “outliers”, whatever this means in any specific context) or by adding or removing another variable.

- It’s possible to reject \( H_0 \) simply by increasing the sample size. “Statistically significant” in a quite credible sense, conveys zero information about the importance or relevance of any particular effect. Read that sentence again to convince yourself that it’s true. Is this enough to make you abandon NHST?

There more objections to NHST, some of which are more complex, but these are the main ones for the practising researcher. To read more on this, the seminal sources are Rozeboom (1960), Cohen (1994) and Harlow, Mulaik, and Steiger (1997).

One remedy for the deficiencies of NHST is to report and ponder the meaning of confidence intervals and/or effect sizes. However we should beware of norms for effect size, e.g. those provided by Cohen (1988), because they simply replace one arbitrary norm (\( \alpha < 0.05 \)) with another. Norms can be useful when working out desired sample sizes when applying for grants, but we should always think about what would be theoretically and practically meaningful for the situation in hand.

**Spurious correlation**

Even if we are mindful of the points discussed above, there remains at least one very important issue that is often overlooked, and which calls into question the credibility of any statistical result. I would guess that most readers are familiar with the concept of spurious correlation (i.e. the correlation between \( X \) and \( Y \) can disappear when \( Z \) is bought in to the analytical framework), and perhaps also Simpson’s Paradox\(^9\): that a significant effect in one direction in a cross-tabulation with associated \( \chi^2 \) test can reverse it’s direction (and remain significant) when a third variable is introduced. So even though correlation is a necessary but not significant condition for correlation, we can never be sure, on purely statistical grounds, that our “significant”, and maybe even “large” effect would not either disappear or maybe even change direction if another variable was introduced. If this fact alone isn’t enough to treat all

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\(^9\) See Simpson (1951) and the famous lawsuit regarding sex discrimination at the University of California as described by Bickel, Hammond, and O’Connell (1975). See also Wagner (1982).
your conclusions, and all the conclusions you’ve ever read, with a huge grain of salt, then I’ve failed to achieve the desired outcome that I had in mind when I sat down to write this article.

**What can we do in the face of these problems?**

To summarise, we have seen that “statistical significance”, has serious, if not actually fatal, flaws. Some of these are due to lack of knowledge by users (e.g. conflation of statistical and substantive significance), by others are deficiencies of the any statistical analysis, whether NHST in particular, or frequentist in general, or resampling or Bayesian (e.g. spurious correlation). The latter class of issue cannot be addressed by education, rather it requires a rethink of our practices. What, then, is the way forward for better practice in our discipline? There is a case for better education of our students (and our faculty) as researchers but there is also a case for reform of our practice as journal editors and reviewers.

**The primacy of meta-analysis**

Many of the problems I’ve referred to above may be a result of lack of knowledge (e.g. whoever taught you a particular method may not have taught you everything you need to know about a method, and no reviewer has ever queried you, so it is entirely understandable that you don’t know what you don’t know) but others are a result of our discipline’s publishing norms, i.e. a strong preference for “novel” results. Our discipline is certainly not unique in this respect, but some disciplines do not suffer from this problem. Unsurprisingly, these are the disciplines where the implications of getting things wrong are catastrophic, e.g. the medical literature, as opposed to merely embarrassing or financially costly.

I believe very strongly that we need a fundamental realignment of priorities when judging the merit of research implies that we need change from our discipline leaders, i.e. journal editors, board members and reviewers. The systemic change needed is a devaluing of the criterion that a study must be substantively novel to be publishable, and an up-valuing of comparability to previously published research. In short “replication and extension”, rather than being a kind of poor cousin or second-best in many journals, should be the new gold standard. This can be seen as entrenching “normal science” (in the sense that Kuhn (1996) established), however this is not necessarily so. Just because a study is comparable does not imply that its conclusions will bolster the case for “accepted” theories or models. However the possibility of publication bias (i.e. rejecting papers simply because they contradict accepted wisdom) must still be guarded against by institutionalised norms and practices.

**Research programmes**

Very few theories and models in the social sciences make universal claims, i.e. that “for all x then y”. The upshot of this state of affairs in social sciences is therefore that meaningful research can be characterised as a search under which conditions x does imply y, i.e. for domains of applicability and/or boundary conditions. For this reason, what is desperately needed in Marketing research is not more one-off studies that claim to “test” theories in the sense of providing evidence for or against them, but rather studies that explicitly add to what is known about the circumstances in which those theories or models apply, or don’t, and the implications this has for how they can be used to produce desirable outcomes.

Much has been written on these issues. See for example, Lakatos and Musgrave (1970), Lakatos (1978) on the logic and virtues of research programmes per se, and Miller (2009) regarding how much weight we should put on a significant result from a single study. As with many issues discussed in this article, one may be forgiven for thinking “I know this already.” However the point of this article is only partially to tell readers about things they might not
have known. The more important point I want to make is to improve the practise of writing about our research and approving it for publication. If we know these things, then why do we act as if we didn’t? Why do articles that make unwarranted, and unwarrantable, claims continue to be published? This has to have something to do with editorial policy. As should be evident from the dates of the works that I’ve referred you to, these issues have been recognised for some time. A particularly readable example is Meehl (1978), who explicitly calls to our attention the “slow progress” of work in his field, which is not so very different from ours.

Who needs to do something?
So it should be clear at this stage that, although we can all as researchers and teachers up-skill ourselves on the methods we employ (that’s the easy bit) it should also be clear that real change will not come until editors and editorial boards re-write policies and instructions for authors. I’m looking at you, editorial board members of AMJ, and also organisers of ANZMAC 2015! Others have recognised these issues, particularly the Marketing Science Institute, and admirers of empirical generalisations (or should that be Empirical Generalisations?), and have enacted specific policies, for example having special sections in each journal issue for “re- investigations”. But I claim this is, while a step in the right direction, may have the unintended consequence of signalling that a replication and extension article is “special” in some way. For progress to happen, it seems clear that this type of research should be the norm.

Conclusion
I hope this article has been useful to you, whether you are a student, teacher, re- viewer, editorial board member or editor. I encourage you to read some of the articles I’ve referred to and ponder what it means for your work. There are at least two ways to approach these issues. The first is from the perspective of the little academic game we play, which revolves around expecting others to know certain things that we know and the other members of a group that we are membership guardians of, and judging others as worthy or not worthy based on those criteria.

Another perspective is that of the seeker for truth. In some circles truth is regarded as a vacuous concept, or suitable only for children. This article is for people who are comfortable with the notion that it is valid to say that Earth really does orbit the Sun. If we want to know (for example) under what conditions advertising really works, and how much return on investment one can expect under definable conditions; or how to design, and how much money to budget for, a public health campaign to fight obesity, then the current state of Marketing knowledge is woefully inadequate for what must seem to many people to be a pretty fundamental question facing practising business-people or social policy-makers every day. Are we supposed to be helping these people? Or only helping ourselves in our little academic game that benefits no-one but ourselves?

References


Giving a Voice to Vulnerable Poor Communities: A Qualitative Market Research Approach

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Abstract

Until recently most studies on the effects of poverty in third world economies have tended to be quantitative in nature with a few exceptions and while these studies have contributed to knowledge regarding such areas as monetary poverty, labour markets and land ownership patterns, complimentary qualitative studies are needed also in order to provide a nuanced understanding of poverty dynamics at the household level and the complex social realities and drivers that lie behind them. The exploration of consumer choice and decision-making undertaken in this study adopts a qualitative approach, acknowledging the contextual realities within which consumption choices are made by people who experience sustained poverty and deprivation. It is an exploratory study which considers the major influences on decision making processes and outcomes in a chronically poor rural context, using Bangladesh as an example and taking financial products as an illustration.

Keywords: poverty, microfinance, qualitative research

Track: Market Research

Introduction

A micro level ethnographic approach was adopted for this study in order to understand subjective experiences of poverty focusing on individual and household narratives. The data collection focused on understanding subjective experiences about the qualitative aspects of poverty such as feelings of vulnerability, deprivation and helplessness. The chosen approach is intended to provide a depth of understanding of individual experience rather than breadth, and to understand the lived realities and experiences of the poor rural families that constituted our sample. Understanding the lived realities of qualitative indicators of poverty such as vulnerability, deprivation and helplessness requires an emic approach that generates narratives from the ground that can illuminate (or refute) the propositions of etic informed microfinance models. Methods of ethnographic inquiry offer deeper understanding of people’s lived realities from their own perspective in their natural settings and offer a more nuanced picture of the emic-etic dynamic in representing and explaining a particular phenomenon (Denzin, 1989). In particular the implications for the impact on and consequences of the financial decisions being made in the context of the regional town of Matlab in rural Bangladesh, chosen because it has been for many years, a focal point for trials of microfinance offerings (Hoque 2008).

Because poverty “depletes and alters the human need and capacity to consume” (Chakravarti 2006)p364 and a chronic state of poverty “almost certainly affects the way people think and decide” (Duflo 2006)p376, gaining a better understanding of the behavioural dimensions of chronically poor families and communities with respect to their use of money may assist financial services providers in these communities to gain a clearer understanding of how the socially and culturally embedded community ties operating within the local micro marketing systems are influencing their financial decision making (Karnani 2007).

An important conceptual starting point for the construction of an appropriate research methodology for the study was to determine a comprehensive definition of chronic poverty
which would take into account the perceived vulnerability and sense of ill-being that chronically poor people experience over time as a result of insufficient material, human, social and cultural resources (Chambers 1989, Moser 1998, Niño-Zarazua and Copestake 2009). These economic, psychological, cultural and sociological dimensions of poverty interact and reinforce each other (WorldBank 2002, Rao and Walton 2004, Narayan and Kapoor 2005, Chakravarti 2006) and need to be studied holistically. The definition was derived from the extant literature. It is; chronic poverty relates to a process where people living long term on $2 a day or less are subject to sustained physical, social, economic, political, psychological and/or spiritual deprivation which gives rise to any combination of physical weakness, perceived isolation, feelings of ill-being, vulnerability and powerlessness (Greeley 1994, Chambers 1995, Ravallion 1996, Bird, Hulme et al. 2002, Barrientos and Shepherd 2003, Ravallion 2003, Mahbub Uddin Ahmed 2004, Osberg and Xu 2005, Chakravarti 2006, Reddy and Pogge 2006, Banerjee and Duflo 2007, Du Toit 2007).

A naturalistic research frame has been adopted to ensure the capture of the nuances of poor people’s feelings of ill-being and vulnerability. Qualitative, humanistic and interpretative methodologies are used because they are discovery orientated (Patton 2002) and are designed to minimise manipulation of the study setting and place no prior constraints on what the outcome of the research will be"(Patton 2002 p 39). The findings were also interpreted in a way that is holistic, relational and experiential (Reason and Bradbury 2007) which supports the objective of exploratory research which is to understand phenomena in a context-specific real world setting (Patton 2002) where the "phenomenon of interest unfold naturally" (Patton, 2002 p 39) thereby enabling the chronically poor people of rural Bangladesh an opportunity to tell their own stories.

**Qualitative Research Methodology**

The multiple data collection methods adopted produced detailed data on a relatively small number of people but at the same time guarded against the potential for assumptions and one-sidedness, (Denzin and Lincoln 2005, Saukko 2008). The data analysis and interpretation of meaning used to generate the conclusions of the study involved recording insights, meanings, patterns, themes, connections, conceptual frameworks, and theories. This interpretive approach has been applied to the analysis of the data in an attempt to understand meanings of the major themes found in the data and to understand the linkages between these themes (Patton 2002; Denzin and Lincoln 2008). Analysis of the data included the use of Leximancer version 4 so that data could be automatically coded in order to facilitate examination from both a conceptual and relational perspective. Leximancer 4 was also used to assist in verifying the connections identified between concepts in the data.

The fieldwork took an exploratory approach taking into account in the research design the inequalities of gender, social standing, age and education that exist in the poor, predominantly Moslem rural communities of the Matlab district. Particularly sensitive are the issues of vulnerability and powerlessness that accompany lives lived in chronic poverty, and of issues relating to gender, because most women in the study area are living traditional secluded lives, (Narayan and Nyamwaya 1996, Chakravarti 2006)

While social constructionism was the underpinning paradigm for this study, the research methods used within this frame could be described as a “bricolage” (Denzin and Lincoln 2005 p 5); that is “a pieced together set of representations that is fitted to the specifics of a complex situation” (p 5) and adopted in order to be better able to shape a research design for the specific context of poor rural Bangladesh. The “bricolage” facilitates interpretation, critical thinking and theory building (Denzin and Lincoln 2005) and it was applied in this research
because of the complex issues to be explored; such as being sure to take into account specific characteristics of the conservative Islamic third world that manifest as issues of social inclusion and exclusion in the research area.

**Rapid Ethnography**

While ethnography is commonly associated with anthropology and is assumed to require long periods of being immersed in a community, briefer periods in the field of study are also categorised as ethnography (Atkinson and Hammersley 1994). This research adopted “anthropologically orientated methods, based on close contact with the everyday life of the studied society or group” (Alvesson and Skolberg 2000) for limited but intensive periods of time. This “rapid” ethnography plays an important role in the qualitative research design (Sandhu, Altankhuyag et al. 2007), of marketing and consumer research (Mariampolski 2006) and was chosen for this study because certain political and climatic limitations meant it was unrealistic to conduct long-term fieldwork. Nevertheless, the aim was to provide a rich understanding of people in context and from their own perspective and the extant marketing and development research literature points to the particular relevance of rapid ethnography for research such as this (Mariampolski 2006).

The researcher spent several short periods of time on the ground in close contact with the people in the communities being researched. Ethnographic observations were conducted by the researcher and two local research assistants of participants of three rural farming communities in the Matlab district of Bangladesh. Six focus groups were conducted across the three villages, three with women and three with men. There were fifty four one-on-one interviews conducted within the villages and two interviews with the local research assistant who stayed for six months in the area.

Ethnographic techniques during those periods provided rich data about the intra and inter-group behaviour, the social relationships and networks of the people living in the baris (Cresswell, 1995). The researcher became aware of the close-knit nature of the family ties that exist within these groups by associating closely with them over this time. Data was collected about the cultural and conceptual phenomena that related to financial decision-making of these groups. Portraits of the subjects’ behavioural patterns around financial decision-making were developed, along with data about the processes, outcomes and the context within which financial decisions are taken.

A reflective, progressive ethnographic diary was kept, where incidents and learnings were recorded. An excerpt from the diary follows; “One woman agreed to hold the focus group in her house. The women brought their small children with them and all crowded into this small space with me and a local female research assistant, some sitting on the bed, and others sitting on some old benches brought there for the occasion. The men and boys of village were very curious about what was being discussed and all leaned against the closed door (bolted from the inside with an old wooden slide bolt) to try and hear what the conversation was all about. At one point, their pressure against the door caused it to burst open and the men and boys tumbled into the room, only to be shooed out by the women, with much laughter. A stray chicken came in and noisily laid an egg under the bed also during the taped discussions. The women provided rich experiences and were open and co-operative. The women were more likely to communicate freely when they were doing their normal daily chores, like walking to the well to collect water or washing clothes in the river, whereas the men became more communicative when sitting in the local tea shop after finishing work for the day. These learnings were built upon to ensure rich and thick ethnographic data was collected.
Focus Group Discussions
Focus group discussions were an interactive method of data collection also used in this research in combination with ethnographic observation and semi structured interviews. The theoretical background of this method of research relates to the joint creation of reality (Flick 2005). In particular, Madriz (Madriz 2000)’s critical feminist model of focus groups which emphasises the feminist ethic of empowerment and emotional engagement provided the theoretical underpinning for this method of data collection for this study. Because of the exploratory nature of the research, the focus groups were particularly useful for orienting the researcher to this new field of study and enabled progressive reflection based on the subjects’ insights. The focus group discussions in this research were used specifically to provide an opportunity for the men and separately the women of the villages to voice their thoughts and ideas; many being too shy to meet one-to-one with the researcher. They became a way of reducing the distance between the researcher and the research subjects, in particular enabling an expression of the women’s social group dynamics and an exploration of the critical interactional dynamics that constitute much of social practice and collective meaning making in the villages (Denzin and Lincoln, 2005).

Preparation for the focus groups included discussions with Bangladeshi researchers who were proficient in English, western research methods and who understood the culture of the Matlab area (this was possible because the Matlab district has been the focal point of government research projects for many years and a strong group of expert researchers was available). This active participation of expert representatives of the local Bangladeshi culture was undertaken to ensure the discussion guide was relevant and effective with a strong focus on maintaining meaning cross-culturally. This very important step was taken to address concerns about achieving conceptual and semantic equivalence (Schaffer and Riordan 2003).

Interviews
Interviews with participants were also used to enrich the fabric of the study (Flick 2005). The ethnographic approach taken in interviews for this study was presented to participants as a series of friendly conversations where the researcher and assistants slowly introduced new elements allowing the participants to comment on them (Flick, 2005). The interviews could be viewed as a type of discourse between the interviewer and the respondent where the meanings and contexts of the questions and responses are grounded by the context and jointly constructed by participants (Schwandt 1997). The specific approach taken in order to build rapport with participants was as follows; a specific request was made to each participant to hold the interview which was based on the research propositions; the project was explained in an informal way to the participant through a local research assistant who could speak Bengali, then questions were put to the participants that were open and spontaneous in the way they were structured.

The data collected was analysed recognising that the languages used, Bengali and English, form part of the context of interpretation (Spivak 1992). Specifically, the relationships between the Bengali and English languages and the researcher and translator are an important component of the process of constructing meaning because translated text of research findings cannot be separated from the translator’s reality (Temple 2005). The data translation was by an interpreter employed during data collection and a translator. The research acknowledges that the written account of the data is influenced by everyone involved in the research. Using this qualitative research approach and a Marketing Systems theoretical frame, important information was uncovered.
Summary of Research Findings

Financial decision making in chronically poor rural households is significantly affected by perpetually high levels of vulnerability. Increasingly, microcredit loans from NGOs are being taken up as a means of alleviating feelings of vulnerability and as a short term fix for escalating financial problems such as shortfalls in income during the monsoon months when there is widespread flooding and no agriculture is possible.

The traditional forms of reciprocal exchange among family and extended family members is now co-existing with an increasing number of market based financial exchanges with NGOs based not on trust but associated more with expediency and a short term need for cash. Little consideration is being given by borrowers to longer term consequences regarding how the loans will be repaid. Microcredit loans are actually increasing household and community vulnerability because of increasing debt burdens associated with their use in these poor communities. The level of microfinance indebtedness in the area is of real concern.

The traditional farming practices, barter exchange, and traditional forms financial dealings within the villages, are increasingly being challenged by attempts by many farmers to grow cash crops, particularly maize, which is encouraged by NGOs who provide loans for maize seeds. Some NGOs offered maize seeds with loans. The financial choices made to use microfinance loans (60%) are very often being undertaken by families who have no feasible means of repaying the loans to the NGO's within the timeframes specified. The borrowers and their families are making decision trade-offs, opting to satisfy their short term needs and repeatedly looking for further loans to pay off earlier micro debts. For example, 34% of these loans were taken up for non-income earning reasons.

The social relationships within the villages, and in particular the kinship of the extended family unit within the Bari, are the dominant influences on decisions relating to money. Consequently, financial exchange is “located not in the working of economic laws but in the social rules of power, symbol, convention, etiquette, ritual role and status” (Davis 1992). P7

There is a growing acknowledgement within the villages of the mounting social problems brought on by the taking of micro loans when the families have no means of paying them back. There are significant implications for the social fabric of these communities in the future. Their increased indebtedness to NGOs has become another dimension for perpetuating their poverty and their traditions of bounded solidarity, where families support each other as best they can through common adversities, are diminishing.

This ethnographic study contributes to existing studies that have used surveys to show that microfinance has little or no impact on poverty reduction by eliciting narratives that explain how vulnerabilities arising from poverty are exacerbated and why communities living in extreme poverty are unable to escape the poverty trap through microfinance. The findings can shift the ongoing debate about microfinance from investigating whether microfinance produces good or bad outcomes to understanding how we can learn from the experiences of extremely poor borrowers to design financial services that meet their needs. Current lending practices of microfinance providers do not appear to meet the needs of communities living in extreme poverty. Efforts to build inclusive markets and inclusive financial sectors that service the poor are typically assessed by the level of access to financial services and the ‘sustainability’ of financial service provision where sustainability is defined as ‘cost effective provision of services’ (Imboden 2005) P 71). Access to finance and cost effectiveness may be necessary but are not sufficient conditions for poverty alleviation because the cost recovery
has to come from poor borrowers. The challenge is to identify what services are needed for the poor to meet their complex livelihood needs.

References
Abstract
One of the major challenges facing firms that enter foreign markets is the undertaking of research appropriate to address vital questions that provide clear answers to such questions. Most of the marketing scales that are used widely today were predominantly created in developed countries with the aid of sophisticated and experienced consumers. This paper attends to two market research studies in respect of corporate reputation that were undertaken in an emerging market of a developing country. The studies did not find support for three of the dimensions (how a firm treats employees, pay attention to environmental issues and create jobs) that make up customer based corporate reputation. These so-called “inconspicuous” issues are most likely not in customers’ minds when they shop or think of the particular retailers. Furthermore, most long-time customers were not even aware of social issues that a particular retailer actively supports.

Keywords: Marketing research scales, Developing markets, Do-not-know option, Corporate reputation
Track: Marketing Research

1.0 Background

The challenge for a firm that wishes to establish itself in a developing country is to establish whether the dimensions that constitute corporate reputation in an emerging market are similar to those responsible for the formation of a corporate reputation in a developed country. Substantial thought need to be devoted when established scales are considered for the study of marketing phenomena in an emerging market. The case in point is emphasised by Burgess and Steenkamp (2006) when they state that the conditions and contexts in emerging markets imply departures from the assumptions of theories that were applied to develop most of the existing scales. For instance, De Jong, Steenkamp and Veldkamp (2009: 674) state that most “(U.S.-developed) scales may contain items that are not informative about the underlying construct in particular countries, whereas relevant items tapping into local cultural expressions of the construct in question may be missing”. Mouncey (2012) effectively sums it up when he states that research methods from developed countries are utilised in a “cut and paste” approach in emerging economies. The expanding demand for products and services in emerging markets also expand the demands for marketing research in such markets. Malhotra (2012) mentions in this regard that it is possible that the demand for marketing research in emerging economies will in due course overtake that of marketing research in developed economies. The primary purpose of this paper is to report on two studies undertaken to study the 2009 customer based corporate reputation (CBCR) scale of Walsh, Beatty and Shiu in the supermarket and clothing retail industries of an emerging market. This research is also in line with Hunter's (2001) appeal for more empirical replication studies in diverse service contexts.

2.0 Objectives of the paper

The motivation for and focus of this paper transpired from the work of Walsh and Beatty (2007) in which it was stated that current measures of corporate reputation do not adequately capture the perceptions of an important stakeholder group such as customers. The
objectives of this paper are twofold. The first is to report on the identification of those items of the CBCR scale that respondents from the supermarket industry seemed unable to respond to. For the purposes of this paper the supermarket study will be referred to as Study 1 in the rest of the paper. The second objective attends to the identification of the social responsibility causes that are supported by the particular retailer and which respondents in the retail clothing study were aware or unaware of. The retail clothing study will be referred to as Study 2 in the rest of the paper. These two studies are also efforts to complement our knowledge of customer-based corporate reputation.

3.0 Questionnaire used in the studies

The questionnaire used for data collection was the shortened version of the 2009 CBCR scale of Walsh, Beatty and Shiu that consist of 15 items to measure 5 dimensions. The items were, where required, tweaked for the particular industry. Thirteen more items, to establish nomological validity measured constructs such as loyalty, trust, repatronage intentions and overall reputation. Respondents were also asked to indicate how long they have been shopping at the specific retailer. The five dimensions of the CBCR scale are Customer Orientation, Good Employer, Reliable and Financially Strong Company, Product and Service Quality, and Social and Environmental Responsibility. All the items in the questionnaire were measured on a 7-point Likert scale, where 1 represented Strongly disagree and 7 Strongly agree.

4.0 Study 1

Study 1 is the follow-up on a study where the purpose was to validate the 2009 CBCR scale of Walsh, Beatty and Shiu in the supermarket industry of an emerging market. In the study on supermarkets preceding Study 1 only two dimensions emerged from the confirmatory factor analyses (CFA’s). These two dimensions that emerged from the CFA’s were Customer orientation (as in the original shortened CBCR scale) and Competitiveness whose items consist of one item of the Product and Service Quality dimension and all the items of the Reliable and Financially Strong Company dimension of the Walsh et al. scale of 2009 (Terblanche, 2014). This dimension was termed Competitiveness as the items are representative of a firm’s capabilities to exploit market opportunities. The fit indices of the measurement model were as follows: df = 13; Minimum Fit Function Chi-square = 69.294(p=0.00); Satorra-Bentler Scaled Chi-square = 23.060(p=0.0410); X2/df = 1.77; RMSEA = 0.0451. In Study 1 the follow-up study gave respondents the choice of a “Do Not Know” (DNK) option. An exactly similar questionnaire, except for the provision of an option to indicate DNK (were a respondent was unsure or did not know what the question was about) was provided. All the items in Study 1 of the 2009 CBCR scale explicitly offered a DNK option. The effect of DNK as a response option has generated a reasonable amount of attention in the literature (Luskin and Bullock 2011; Lietz 2010). For Study 1 a new random sample of 10 000 customers from the same supermarket retailer (the firm amongst whose customers the 2009 CBCR scale was studied) was drawn. A questionnaire was placed online for data collection. The number of fully completed questionnaires received totalled 706, thus giving a response rate for fully completed questionnaires of 7.06%. Almost half of the respondents, namely 350 (49.6%), did not know the answer to one or more items; these respondents are termed DNK-respondents from hereon. A CFA was conducted with the data of the respondents that responded to all the items without a DNK. The results were similar to that of the previous study in that the CBCR scale again consisted of the similar two dimensions and their items, namely Customer orientation and Competitiveness. The fit
indices of the measurement model were, however, different and were as follows: \( df = 13; \) Minimum Fit Function Chi-square = 67.105\((p=0.00)\); Satorra-Bentler Scaled Chi-square = 40.979\((p=0.000)\); \( \chi^2/df = 3.152; \) RMSEA = 0.0779. The majority of the DNK-respondents (324 or 92.57\%) have been shopping at the particular retailer for longer than 5 years and for that reason they are assumed to have adequate knowledge with the retailer to respond in a profound way to the items of the questionnaire. Table 1 shows the years and the amount of the DNK-respondents that have been shopping with the retailer. The items indicated as DNK by respondents were 1114. The total number of CBCR items evaluated as DNK by respondents represents 10.52\% of all possible responses to CBCR items \( [1114/(706*15)] \). This figure should be treated with great circumspection as approximately half of the responses are not suitable for further analysis because of missing data.

### Table 1: Years that a DNK respondent have been shopping at the retailer

<table>
<thead>
<tr>
<th>Years shopping at supermarket</th>
<th>No of respondents</th>
<th>% of total respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 2 years</td>
<td>6</td>
<td>1.71</td>
</tr>
<tr>
<td>Between 2 and 5 years</td>
<td>20</td>
<td>5.71</td>
</tr>
<tr>
<td>Between 5 and 10 years</td>
<td>46</td>
<td>13.14</td>
</tr>
<tr>
<td>Between 10 and 20 years</td>
<td>143</td>
<td>40.86</td>
</tr>
<tr>
<td>&gt; than 20 years</td>
<td>135</td>
<td>38.57</td>
</tr>
<tr>
<td></td>
<td>350</td>
<td>100%</td>
</tr>
</tbody>
</table>

The number of times respondents indicated a DNK as a responses varied widely amongst the respondents. Table 2 is a summary of the frequency with which DNK was indicated. Eighty three respondents indicated only 1 DNK whilst 2 respondents indicated only 15 DNK’s.

### Table 2: Frequency of DNK as a response

<table>
<thead>
<tr>
<th>No of times a particular respondent indicated a DNK</th>
<th>No of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>11-15</td>
<td>22</td>
</tr>
<tr>
<td>6-10</td>
<td>50</td>
</tr>
<tr>
<td>1-5</td>
<td>278</td>
</tr>
<tr>
<td>Total</td>
<td>350</td>
</tr>
</tbody>
</table>

The responses to the individual items were quite a mixture. Table 3 illustrates that the DNK responses of six items, namely items 2, 5, 14, 20, 23 and 28 were more than 10\% of the responses for the particular item. The items responsible for more than 10\% of the DNK responses measure two dimensions. Items 2, 20 and 28 measure the Good Employer dimension, whilst items 5, 14 and 23 measure Social/Environmental Responsibility. The total percentage of items produced by DNK responses, per dimension, is illustrated in Table 3.
Table 3: DNK responses for the different CBCR-scale items and dimensions

<table>
<thead>
<tr>
<th>Customer orientation</th>
<th>Good employer</th>
<th>Reliable/financial strong firm</th>
<th>Product/service quality</th>
<th>Social/environmental responsible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Items</td>
<td>%</td>
<td>Item %</td>
<td>Items</td>
<td>%</td>
</tr>
<tr>
<td>Q 10</td>
<td>4.1</td>
<td>Q 2</td>
<td>12.5</td>
<td>Q 3</td>
</tr>
<tr>
<td>Q 19</td>
<td>2.8</td>
<td>Q 20</td>
<td>11.5</td>
<td>Q 12</td>
</tr>
<tr>
<td>Q 27</td>
<td>1.7</td>
<td>Q 28</td>
<td>13.9</td>
<td>Q 21</td>
</tr>
<tr>
<td>% DNK responses for dimension</td>
<td>2.8</td>
<td>12.6</td>
<td>7.74</td>
<td>4.15</td>
</tr>
</tbody>
</table>

5.0 Study 2

A CFA was also conducted with the data from the retail clothing study and the results were similar to that of the previous studies. Because of the high prevalence of the DNK option in respect of the social and environmental dimension in Study 1, the focus here was on whether respondents are aware of the social causes supported by the clothing retailer. The objective of this study was to identify those items of the dimensions which respondents were unable to answer and respondents were also required to indicate the social responsibility activities the clothing retailer under study supports and is actively involved in. Study 2 employed the same methodology as that of Study 1. A sample of 10 000 customers were invited to complete an online survey and a total of 436 responses were received. A number of the responses were incomplete and thus unsuitable for analysis. The number of questionnaires that were fully completed and suitable for analysis totalled 262, giving a response rate for fully completed questionnaires of 2.62%. Most of the respondents have been shopping at the particular clothing retailer for a number of years (see Table 4). At the time of the study the clothing retailer (hereafter referred to as CLT) had 102 stores countrywide. Almost 90% of the respondents have been shopping at CLT for more than 5 years. The majority of the respondents (37.8%) have been shopping for more than 20 years at CLT. The sample consisted of 149 (57%) females and 113 (43%) males. The respondents had adequate experience with the clothing retailer to answer the items of the questionnaire with confidence.

Table 4: Years respondents shop at CLT

<table>
<thead>
<tr>
<th>Number of years shopping at CLT</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 2</td>
<td>9</td>
<td>3.4</td>
</tr>
<tr>
<td>2-5</td>
<td>16</td>
<td>6.1</td>
</tr>
<tr>
<td>6-10</td>
<td>46</td>
<td>17.6</td>
</tr>
<tr>
<td>10-20</td>
<td>92</td>
<td>35.1</td>
</tr>
<tr>
<td>&gt; 20</td>
<td>99</td>
<td>37.8</td>
</tr>
<tr>
<td></td>
<td>262</td>
<td>100</td>
</tr>
</tbody>
</table>

To address the objective of Study 2, an assessment was made of the responses of respondents’ knowledge or awareness of social responsibility activities the clothing retailer undertakes. Respondents that took part had to identify which of the activities in Table 5 are supported by CLT. CLT are actively involved in all four social responsibility programmes.
### Table 5: Social responsibility programmes of CLT and their primary focuses

<table>
<thead>
<tr>
<th>Name of programme</th>
<th>Primary focus of programme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee volunteer programme</td>
<td>Employees and suppliers - interventions in line with the corporate social investment</td>
</tr>
<tr>
<td>Youth pathfinder programme</td>
<td>Support disadvantaged individuals in mathematics, accounting and languages</td>
</tr>
<tr>
<td>Community upliftment</td>
<td>Problems of dysfunctional communities that could pose a threat to stability</td>
</tr>
<tr>
<td>Reading and literacy</td>
<td>Read by introducing an annual reading competition at school level.</td>
</tr>
</tbody>
</table>

Tables 6 and 7 show the responses of the respondents in respect of the social responsibility programmes that CLT are involved in.

#### Table 6

Number of respondents that indicated which programmes CLT supported

<table>
<thead>
<tr>
<th>Programme</th>
<th>No of respondents indicating CLT support the cause</th>
<th>% of total respondents indicating cause support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Youth pathfinder programme</td>
<td>75</td>
<td>28.6%</td>
</tr>
<tr>
<td>Community upliftment</td>
<td>43</td>
<td>16.4%</td>
</tr>
<tr>
<td>Reading and literacy</td>
<td>119</td>
<td>45.4%</td>
</tr>
<tr>
<td>Employee volunteer programme</td>
<td>63</td>
<td>24.0%</td>
</tr>
</tbody>
</table>

#### Table 7

Number of times respondents indicated that a particular programme was supported by CLT

<table>
<thead>
<tr>
<th>No of causes supported</th>
<th>No of times a cause(s) was indicated as supported by CLT</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>46</td>
</tr>
<tr>
<td>1</td>
<td>168</td>
</tr>
<tr>
<td>2</td>
<td>27</td>
</tr>
<tr>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>4</td>
<td>15</td>
</tr>
<tr>
<td>Total</td>
<td>262</td>
</tr>
</tbody>
</table>

Table 7 clearly indicate the extent to which respondents are unaware of the social causes supported by the clothing retailer.

### 6.0 Findings of the studies and management implications

In all the studies reported, three of the five dimensions of the 2009 CBCR scales of Walsh, Beatty and Shiu did not feature. These three dimensions may be justifiably categorised as “inconspicuous” issues as they are associated with how a firm treats employees, pay attention to environmental issues and create jobs. It is unlikely that these so-called “inconspicuous” issues are most likely not in customers’ minds when they shop or think of the particular retailers. The findings of the two studies clearly indicate that scales that are to be reliable and valid in developed markets and environments might have items and in some cases, even dimensions that respondents are incapable of responding to. The responses in these two studies look as if particular concepts could be unfamiliar to respondents or
respondents consider themselves as having inadequate knowledge or experience to respond to the items that measure such items. On the surface it appears as if many customers feel more comfortable and prepared to respond to issues that can be perceived as “micro” by nature. Micro subject matter here means those issues that customers experience regularly/frequently on shopping trips such as customer orientation and product and service quality. Hence it is likely that consumers are, because of such frequent exposure/experiences, able and willing to respond to items related to such issues with self-confidence. When one contemplates some of the individual items, a number of questions come to mind. For example, for some respondents it is difficult to provide reliable and valid responses to items that measure a dimension such as “Good Employer”. Is it fair to expect from all customers (in both emerging and developed markets) to know how good an employer a retailer really is? What will they base their response on? Why should they be concerned about it? Where do customers gain access to or are exposed to information that empowers them to answer items with confidence such as those related to “Good Employer”? Another example - for instance, what are used as indicators of excellent leadership? The high prevalence of DNK responses in respect of the items that measure the “Good Employer” dimension, point towards either uncertainty or insufficient knowledge related to the concept. One can even ask the question here whether consumers in developed markets are better able to respond to such items – stated otherwise, should excellent leadership be part of a CBCR scale? For various other stakeholder groups other than customers excellent leadership is an important issue – can the same be said about customers?

The expectations differ amongst stakeholder groups, but it is also essential to note that care should be exercised when scales are considered for application in environments dissimilar to the one where the original scale was developed. Baldarelli and Gigli (2014: 608) state that in practical terms “this means that reputation-building initiatives conducted on a global scale require adaptation to the local reality and taking into account the specific contexts and the mechanisms of judgment formation”. One of the outstanding features of the studies undertaken is the confirmation of the value of employees in the development and management of a positive corporate reputation. The literature as well as empirical evidence indicates that employees are vital to develop a positive corporate reputation through the signals they convey and their interactions with a variety of stakeholders. The Customer Orientation dimension emerged as a dimension of corporate reputation in all the studies dealt with in this paper. This underlines the role of employees in corporate reputation. A benefit of a positive corporate reputation is that it projects an image that attracts a high quality of employees whose conduct in turn enables the creation of enduring relationships with consumers. The value of a positive corporate reputation is well-known but it is just as important that a firm should, apart from dedicating resources to the building of a positive corporate reputation, also ensure that such “noble activities” are communicated to its clients. A vital issue for CLT is how they can keenly create a positive attitude toward its commitment to social responsibility activities and simultaneously present themselves as authentic (van Rekom, Go and Calter, 2014.). Du, Bhattacharya, & Sen (2007) observed that when a firm communicates its involvement in resolving particular social issues, doing so may end up to be both good and bad for the firm. It can advance its reputation, loyalty and sales but at the same time society has become more cynical about firms’ impact on and solving of social responsibility issues (Du, Bhattacharya and Sen, 2010; Skarmeas and Leonidou, 2013). Jones, Temperley and Lima’s (2009) advise is that firms that desire to hit it off with the new digital savvy generation they’ll have to adhere to strategies to “communicate “with” instead of only “to” a new empowered audience of clued up customers and 24/7 on-line writers and brand activists producing new content”.

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7.0 Limitations and further research opportunities

The magnitude of differences between the results of the studies reported here and those of the two earlier Walsh et al. CBCR studies’ (2007; 2009) surely deserves research in other environments, where firms’ and consumers' perceptions may vary considerably. It is very likely that more studies in diverse service contexts, cultures and sub-cultures possess the potential to provide more understandings into how corporate reputation influence consumer perceptions and behaviour. It is also conceivable that the incapability of a respondent to decide on a particular scale value (and the respondent consequently selected the DNK option), is not confined to respondents in developing or emerging markets only. This could probably also be the situation of respondents in developed markets who are exposed to many more sources of communication and media.

References


Questioning Measurement in Marketing –
A Suggestion of How to Resolve Ambiguity in a Crucial Concept

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Abstract
The idea of measuring variables that are hidden to sensory perception pervades marketing science. These variables are, in a sense, the marketing scientist's elementary particles that constitute what is inferred from observed behaviour. They are crucial for theories linking behaviours and cognition, as well. Currently, vastly different conceptualisations of what measurement means and how it is accomplished exist side by side. A redefinition of measurement could not only resolve the ambiguity but also contribute to closing the gap between natural and social sciences; unless marketing academia concludes that measurement in marketing has indeed to be different. As the case may either a clean-up or a consolidation of approaches to measurement in marketing would be beneficial.

Keywords: quantitative marketing research, formative indicators, reflective indicators, definition of measurement
Track: Marketing research

1.0 Background: The value and the problem of measurement

Academic marketing research is a highly quantitative discipline (e.g., Hanson and Grimmer, 2007). Corporate marketing research relies on numerical input, too. Revealing quantitative laws is a commendable goal of quantitative research. However, it is a very intricate challenge. First of all, cause-effect relationships are not easy to substantiate, when they are probabilistic rather than deterministic, and when experimental manipulation is not feasible, as it is often the case in the social sciences. Another important factor, we will focus on, is the quantification of variables of interest, in other words how they are measured.

2.0 The multifaceted concept of measurement in marketing

2.1 Variations of measurement in marketing

While numbers abound in marketing research, they vary considerably in their kind. The probably most significant distinction is the one between indices (Diamantopoulos and Winklhofer, 2001) and latent variables, also referred to as formative indicator models versus reflective indicator models. Both are frequently characterised as measurement (e.g., Coltman et al., 2008) and typically numbers based on indices are treated as if indices also quantified latent variables. Customer satisfaction, as an illustrative example, is frequently measured using reflective indicators under the assumption of an underlying unidimensional variable (e.g. Cronin et al., 2010). If empirical evidence supports this claim, adding up item scores to form a total score representing the common underlying cause of observed responses is justified. By contrast, if one views customer satisfaction, especially overall satisfaction, as a conglomerate of mutually unrelated components that contribute to overall satisfaction or are integral parts of satisfaction (see, e.g., Jarvis et al., 2003), a formative approach, or index, lends itself as the appropriate model. In this case, the item scores do not (and need not) exhibit the patterns of intercorrelations that are essential for justifying a total score in the reflective model. Nevertheless, the items are added up to form a total score more or less exactly in the way it is
done in the reflective model. It is remarkable that two approaches emanating from diametrically opposed premises essentially result in the same procedure and both provide measurement. What actually is measurement in marketing?

2.2 A debate over measurement

There is no need to start a debate as the concept of measurement has been a subject of discussion in marketing for decades; and many ANZMAC conferences have been a venue for lively exchange (e.g., Rossiter et al., 2001; Salzberger et al., 2001; Salzberger, 2004). But still no consensus seems to be in sight and controversies tend to expand. The reason, we argue, is the fact that different academics proceed from very different premises and tend to have very different views of measurement. With the concept of measurement being ambiguous, discussants in scholarly debates run the risk of talking at cross purposes. To complicate things further, invoking marketing practice is of no real help either. Measurement is a crucial part of marketing methodology and as far as scientific methods are concerned, marketing academics should not unduly rely on procedures developed by practitioners born out of necessity for academic research had failed to offer something useful in the first place. When it comes to advancing our very understanding of measurement, our procedures and approaches involved, and, in the end, improving our measurement instruments, we deem it useful to raise a few key questions marketing academics should concern themselves with. At the very least, the questions might give the discussion a new twist.

A discussion of measurement best starts with its definition. The marketing discipline subscribes to the definition prevalent in the social sciences according to which measurement “is defined as the assignment of numerals to objects or events according to rules” (Stevens, 1946, p.677). This definition has paved the way for operationalism (Green, 1992; Michell, 1986), the idea that latent variables can be defined in terms of the operations carried out to measure them. The asserted rationale for maintaining a different definition in the social sciences compared to the natural sciences is typically based on the claim that the social sciences require their own definition of measurement because human beings differ from inanimate matter. But is this claim defendable?

2.3 Do we need our own definition of measurement?

In the natural sciences, a measure of a quantitative attribute, a magnitude, is defined as a scalar times a unit of measurement, which is itself a particular magnitude of that attribute (Michell, 2003). Based on this definition, “[m]easurement is the estimation of the measure of a magnitude of a continuous attribute relative another such magnitude takes as a nit (Michell, 2003, p.301). Thus, measurement involves revealing ratios of magnitudes, or ratios of differences between magnitudes, rather than assigning numerals (Michell, 1997). Luce and Tukey (1964) provided the proof of concept that the same rationale can be applied to psychological measurement, as well. Their theory of simultaneous conjoint measurement helps determine the structure we need to look for in empirical data. Particularly, so-called cancellation conditions have to be met (see Michell, 1990).

Of course, the methods of measurement and the specific instruments, that is how we reveal numerical relationships, are very different in, say, physics and marketing. In any case, though, numbers representing magnitudes of a quantitative property as a result of measurement have to correspond to the same principles of quantity. There are no compelling reasons why the social sciences would need to deviate from the definition of measurement in the natural sciences. On the contrary, what could be the justification of treating assigned
numbers as measures of an assumed quantitative attribute without meeting the requirements spelled out by additive conjoint measurement? This is not to say that such a justification does not exist. At any rate, measurement by assignment has a series of implications.

2.4 What are the ramifications of measurement by assignment?

The apparent qualification that assigning has to be done according to a rule is no real restriction as, apart from random assignment, any rule gives us some sort of measurement (Stevens, 1946). There are no binding rules as to what kind of structure has to exist in the data in order to conclude that measures are ordinal or interval scaled, or that we have measured anything at all. Stevens’ definition fails to spell out what needs to be demonstrated in order to conclude that assigned codes do indeed constitute measurement. In this context it has to be noted that Stevens (1959) himself suggested that raw scores are ordinal. He also pointed out that “the business of pinning numbers on things (…) has become a pandemic activity in modern science and human affairs” (Stevens, 1959, p.18). In practice, not all assignments of numerals are accepted as measurement by the scientific community. There are various rules and conventions, for example in terms of factor loadings or discriminant validity. Nevertheless, problems persist. First, the rules are, in the end, mostly arbitrary and not linked to requirements of measurement. Second, the rules apply to the behaviour of measures that exist by virtue of assignment and not to their justification as measures. Third, different schools adhere to different rules, or rules vary depending on the situation. For instance, the concepts of formative versus reflective indicators are based on very different, incompatible premises. Such discrepancies cannot be evaluated or resolved based on the definition of measurement by assignment, though. Lacking a prescriptive definition of measurement, any idea is, in principle, as good as any other. Forth, the idea of measurement at the ordinal level blurs the fundamental differences between order and quantity and thereby further impedes the evidence-based distinction between order and quantity.

2.5 Should we adopt the definition of measurement in the natural sciences?

The answer to the question whether we should retain our current definition or adopt the definition in the natural sciences, depends on the meaning we want to ascribe to measurement. Since the consequences of aligning measurement in the social sciences with measurement in the natural science are quite significant, such a move must not be done lightly.

2.6 What should measurement in marketing mean?

The afore-mentioned distinction of indices and latent traits demonstrates that measurement differs with respect to the status of the assessed variable. The primary purpose of an index is the prediction of some other variable or phenomenon. For example, a satisfaction index may predict repeat purchases. However, an index can also be an agreed-on criterion in itself that is to be maximised. In any case, an index combines several components into one summary figure. The index itself has no real counterpart, no latent entity it represents; its ontology is constructivist (see Borsboom, 2005). Since an index does not entail any predictions in terms of its existence or its relationship with its components, it cannot be empirically refuted. On the other hand, it does not need empirical justification either. By contrast, the measurement of, say, satisfaction as a latent variable, representing a latent trait, typically does entail the claim that the property actually exists (or, at least, that respondents behave as if the latent trait existed). Its ontology is realist. A realist claim, though, requires empirical evidence. We need to demonstrate that the property exists as a quantitative attribute. The current definition of measurement does not guide us in terms of what kind of structure the
data have to comply with, nor does it prescribe the necessary specifications of a measurement model. There arguably is wide agreement that a scientific theory needs to make predictions that can be tested empirically (Popper, 1996). Any theory may fail these tests. The same applies to theories of quantitative latent traits. In practice, though, we usually do not frame latent traits as theories. In fact, we hardly ever fail, or admit to fail, when it comes to measuring latent variables. The reasons are twofold. First, we do not test whether response data comply with the requirements of quantity. Second, we tend to be generous when it comes to approving measurement models empirically. When we develop a series of items, we act on the assumption that all of these items indicate the latent variable. More often than not, many items fail, and only a fraction is retained – sometimes euphemistically referred to as item purification. In an early stage of scale development this may be acceptable, but it also demonstrates that our theories of latent variables need to be improved.

Subsuming both the calculation of indices and the quantification of latent variables under measurement almost inevitably leads to misinterpretations and may also contribute to a lack of rigour in the measurement of latent variables. An example of a statement inviting a misinterpretation is the view that “a ‘construct’ is a definition [and a] definition can be judged as reasonable or unreasonable but not as true or false.” (Rossiter, 2011, p.13, emphasis in the original). While it is true that indices are based on a definition that can neither be empirically refuted nor empirically corroborated, it would be delusive to conclude that the same applies to constructs involving latent variables, at least from a realist perspective. A definition of a construct explains what it means and where its boundaries are. It is a scientific theory, falsifiable and potentially untrue. The latent variable that supposedly represents the construct may or may not have a real counterpart. Likewise, a physicist may propose a new elementary particle and define its properties, but experiments may still disprove the theory. Obviously, applying the same term, measurement, to both the constructivist and the realist account implies a peculiar blend of ontological premises. Of course, one might – implicitly or explicitly - subscribe completely to a constructivist perspective of measurement with usefulness being the sole criterion. It is doubtful, though, whether such a view would correspond with the self—conception of the majority of scholars in marketing. Alternatively, we could confine the concept of measurement to proposed quantitative latent variables thought to have real counterparts. The latter entails a series of beneficial consequences. First, we can uphold scientific realism without confusing the underpinnings of indices and latent variables. Second, measurement would be strictly confined to quantitative properties allowing for a rigorous implementation of requirements of quantity. This would lead to stronger evidence of successful measurement provided data comply with these requirements. Third, the definition of measurement in the social sciences in general, and in marketing in particular, can be reconciled with the definition of measurement in the natural sciences. Forth, we would get a clearer understanding of the nature of indices. Indices would no longer be referred to as measurement but as a summary of measurements that need to be substantiated at the level of the components of the index. While the focus of the index would still be on its usefulness to predict another variable, there is a potential of enhancing its ontological underpinning inasmuch as its components could be anchored in realism. The prerequisite, though, would be to provide empirical evidence of successful measurement, that is quantification, at the component level, provided the components are actually latent variables. This requires multi-item operationalization of components.

Academic marketing research would benefit from the alternative framing of indices as it would facilitate the generalizability of findings and make them more trustworthy. There also would be less room for confusing indices and latent variables. Marketing practice would in all
likelihood continue to use indices whose components are single-item measures. However, academic research could provide a more solid foundation for them. The answer to the question of what measurement could or should mean in marketing comes down to the question whether we see ourselves as a quantitative science with a strong emphasis on realism striving for consistency with the natural sciences, or whether we deem this scenario irrelevant or unrealistic to unfold successfully. However, without trying, considering the scenario unrealistic remains speculation. In any case, interpreting proposed latent variables as if they actually existed, interpreting estimated measures as representations of the latent variable and treating these measures as quantitative, that is interval-scaled, implies that we are in the realist camp.

2.7 If we do reframe and redefine measurement, what would we do differently?

A new definition of a core concept of scientific enquiry is tantamount to a paradigm shift with significant implications. First, we need more comprehensive theories of the constructs we propose. Second, we need a measurement model that is sensitive to violations of the structure of quantity in the response data. It is important to address both issues as they intertwine. The theory of the construct should allow for predictions that can be empirically tested using an appropriate measurement model. A formal prediction refers to the latent variable being quantitative. Such a proposition can always be made, and its empirical examination is relatively straightforward using an appropriate measurement model. A new element of the theory of the construct refers to the idea of items representing more or less of the property to be measured. We currently disregard the intensity of the items almost completely. The exchangeability of items in the factor-analytic model rooted in classical test theory as well as the application of methods based on correlations emphasise similarity in terms of item intensity. This, by the way, has some odd implications. If all items represent an equal amount of the property, providing the same response to all items would be the perfect, most-likely response pattern a person could exhibit. But such a straight-lining response pattern would be seen as indicative of carelessness rather than perfection, hence the desire for reverse-coded items. By contrast, items representing a theory-based hierarchy in terms of the amount of the property they stand for, not only allow for predictions of the empirical hierarchy of items but also for an evaluation of the likelihood of the response pattern at the level of the individual. The difference between the current and the new approach can be illustrated by a yardstick that has a lot of markings but all at the same spot compared to a yardstick that has markings spanning a wide range of magnitudes. Advancing theories to the extent that they allow for concrete predictions of the item hierarchy (essentially predicting that one item will be endorsed more than another) certainly is a tremendous challenge. Meanwhile we might capitalize on data-driven input from item calibrations in order to get a better understanding of the latent variable. Ultimately, we should be able to derive the item hierarchy from theory, though.

As far as the measurement model is concerned, we need to be prepared for another major paradigmatic shift. The current understanding of measurement is unrestrained. This gap has been filled by various, often mutually incompatible, approaches. Measurement models are chosen from a convenience point of view or with a view to maximizing fit of the model to the data. Testing the implications of quantity, without which it is pointless to invoke measurement, poses severe restrictions on the choice of the measurement model. Currently, the Rasch model for measurement (Rasch, 1960) is known to comply with these requirements (Karabatsos, 2001), at least as far as expected responses are concerned. If other models are to be used, their relationship to cancellation conditions and additive conjoint measurement
should carefully be checked. Finally, the question should be raised whether applying a measurement model in line with cancellation conditions, such as the Rasch model (Rasch, 1960), would automatically give us trustworthy and valid measurement. The answer can only be negative. Merely replacing one measurement model by another may, to a certain extent, improve our measurement procedure, specifically in terms of the capacity to reveal problems in the data. But taking full advantage of the new paradigm of measurement necessitates a different mindset throughout scale development and application. Advancing theories of constructs would contribute at least as much as any sophisticated and wisely chosen measurement model ever could.

3.0 Conclusions

3.1 Academic research

So far the measurement debate in marketing has not led to a consensus among scholars, and it is very unlikely that it will in the near future. We argue that the fundamental problem is the vague foundation of measurement in the social sciences. The current definition of measurement based on assignment invites all sorts of interpretations of measurement. There is no scientific principle that functions as a benchmark. Realism and constructivism apparently become indistinguishable. We have long lost common ground with natural sciences. If we reach the conclusion that measurement has indeed to mean something different in marketing compared to the natural sciences, then we should proceed as before. Nonetheless, in order to bridge the divide between entirely different approaches, a general principle of measurement is needed that explicates what exactly the meaning of measurement in marketing is. For now, it is unclear how such a principle could look like, though. As an alternative, adopting the definition of measurement in the natural sciences would provide us with a strong guidance in terms of what counts as measurement and what needs to be demonstrated to justify measurement. It would also be a strong driver of advanced construct theories and contribute to generalizability.

3.2 Managerial implications

Few corporate market researchers would probably see it as their business to reconsider measurement from a philosophy of science angle. A fundamental discussion of what measurement actually means in the social sciences needs to take place in the academic arena. However, this does not mean that practitioners should not play a role at all. They should critically review what quantitative research has to offer to them. In areas where regulatory bodies, e.g. the Food and Drug Administration in the US, play a crucial role, such as health or tobacco, companies are already confronted with requirements that are getting increasingly rigorous in terms of the underpinnings of measurement.

Marketing practice could certainly benefit from any improvement achieved in marketing science. The change, though, would not be a gradual shift but a revolutionary-like paradigm shift. If the scientific community is hesitant to take this step, and it would be understandable if it were, the framework of “new” measurement could at least be referred to more often in order to see whether the evidence builds up in a way as to demonstrate the huge potential it entails for marketing as a scientific discipline.

3.3 Limitations

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The present paper argues from a realist standpoint, which might not be shared by every marketing scholar. Furthermore, adopting the natural sciences as the role model for the social sciences could be questioned. Commenting on such arguments would be beyond the scope of this contribution and result in an even more fundamental discussion.

References

Which works best for yes-no questions in online surveys:
Radio buttons, flick switches or drag and drop?

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Abstract
The ‘forced choice full binary’ format asks survey respondents to select “yes” or “no” for each item on a list. This format avoids evasion bias (a problem with the ‘pick any’ format), but also takes longer and can be more tedious to complete. Using Cognitive Load Theory, two animated response mechanisms were developed for the forced choice full binary format: a flick switch and a drag and drop tool. These were tested against the traditional presentation (radio buttons) in a two-wave split-ballot experiment, in which respondents described eight Australian tourist destinations using 15 attributes (n=464). The animated formats had a negative effect on self-reported fatigue and distraction, and performed no better than the radio buttons in relation to survey drop out, predictive validity, stability, time to complete, self-expression or interest in the topic. Radio buttons are therefore recommended for visual presentation of this response format.

Keywords: measurement questionnaire design, online survey, web survey, interactive survey, survey experience
Track: Market Research

1. Introduction and background

It has recently been shown that the ‘pick any’ answer format, where respondents ‘select all that apply’ from a list, leads to substantial evasion bias (Dolnicar, Rossiter & Grün 2013; Dolnicar and Grün 2013a) and heavy underreporting of associations in brand image measurement (Dolnicar and Grün 2013b).

Evasion can be avoided by requiring a “yes” or “no” response for each item in the list. This ‘forced choice full binary’ answer format also has the advantage of yielding more stable responses across two points in time (Dolnicar, Rossiter & Grün 2013). To its disadvantage, the yes-no grid takes longer to complete than a pick any list (Dolnicar and Grün 2013a) and has the potential to be more tiresome for respondents. It would be beneficial, therefore, to identify alternative ways of collecting forced choice full binary responses more quickly and in a more engaging way that reduces the difficulty or perceived tedium of the task.

Survey technology companies now offer a wide range of alternative ways of asking survey questions on the web. Their claim is that these ‘rich media’ or ‘interactive’ question formats make surveys more interesting, thus reducing fatigue and improving data quality (e.g. see www.gmi-mr.com/solutions/interactive-surveys). The evidence base to support this claim is still emerging, with some promising examples (e.g. Puleston and Rintoul 2012; Blasius 2012; Dolnicar, Grün and Yanamandram 2013) offset by others where dynamic or visual implementations have either failed to yield meaningful gains in respondent engagement (Downes-Le Guin et al 2012) or created new problems of their own (Funke 2013).

The aim of the present study is to determine whether animated response mechanisms can increase the speed, user-friendliness and data quality of forced choice binary
measurement in an online environment. Two animated formats (see Figure 1) were developed specifically for this study, utilising Cognitive Load Theory: an extensive body of work in cognitive psychology about capacity restrictions of the working memory (Sweller 1994; Chandler & Sweller 1991).

**Figure 1:** The three forced choice full binary formats examined in this paper

![Image](image.png)

The design of the animated formats drew on techniques recommended by Mayer and Moreno (2003) for reducing cognitive load in multimedia learning. Through the use of colour cues (green for “yes”, red for “no”) and different visual-spatial mechanisms (a vertical flick switch, a horizontal drag and drop tool), the animated formats engage visual information processing channels, in addition to the verbal/linguistic channels of radio buttons (the traditional approach to binary measurement).

Our hypothesis is that, if this approach is effective, these animated formats should impose lower ‘extraneous cognitive load’ on the respondent than a yes-no radio button grid, thereby diminishing the pre-conditions for drop-out and satisficing behaviours such as random guessing and speeding (Krosnick 1991). To test this theory under field conditions, a split-ballot online survey experiment was undertaken, on the topic of holiday destinations in Australia. Five hypotheses were tested:

- **H1** Respondent drop-out is lower for animated answer formats.
- **H2** Stability of responses is higher for animated answer formats.
- **H3** Predictive validity is higher for animated answer formats.
- **H4** Response time is shorter for animated answer formats.
- **H5** Respondent experience is more positive for animated answer formats.

## 2 Methodology

**Answer formats.** The forced choice full binary answer format was implemented in three different ways, as shown in Figure 1. **Radio Buttons** (a) are the conventional format which requires respondents to simply click a “yes” or “no” button for each attribute. This is identical to how the question would appear on paper. The two animated ‘online only’ formats were: a **flick switch** (b) which starts in a neutral position and then flicks up by clicking “yes”, or down for “no”; and a **drag and drop** tool (c) which asks respondents to drag each attribute from a central column to either the “yes” side on the right or the “no” side on the left.

**Attributes and destinations.** Respondents were asked to assess eight tourist destinations using 15 attributes (120 associations in total). Attributes were identified in consultation with Tourism Australia and included general characteristics (e.g. ‘peaceful’, ‘exciting’, ‘rugged and wild’, ‘luxurious’) as well as potential attractions the destination may offer to visitors (e.g. [list of attributes]).
‘good for shopping’, ‘fun for families’, ‘historically rich and interesting’, ‘good for outdoor/adventure activities’). One redundant attribute (‘sophisticated’) was removed after the pilot due to high correlation with other attributes (e.g. ‘good nightlife and bars’).

From a total pool of 20 destinations, respondents were asked about eight from outside of their home state that they said they had either visited or had heard of. Each respondent’s decision set included four capital cities (two major, two minor), two ‘natural beauty’ destinations (e.g. the Great Barrier Reef or the Tasmanian Wilderness) and two destinations known for their food and wine (e.g. the Barossa Valley) or recreation (e.g. the Gold Coast).

**Experimental Design.** Each respondent was randomly allocated one of the three forced choice binary response formats prior to being asked to describe the first destination in their set. The full set of attributes was presented in a randomised order for each destination. In order to assess stability, a follow-up survey duplicated the same destinations in the same sequence, with the attributes in the same order of presentation.

**Fieldwork Administration.** Respondents were sampled from *Survey Village*, an Australian market research panel with nationwide coverage across the demographic spectrum. Panel members are awarded points for each survey they undertake; these points accrue and can then be redeemed for gift cards. Qualification for the survey was limited to Australian adults (age 18+) who had taken a holiday in Australia within the last four years.

The survey was programmed by *yellowSquares* using *Web Survey Creator* and fielded in two stages: Wave 1 in mid-April 2014 (n=464), followed by Wave 2 in early May (n=387) (Table 1). This followed a pilot (n=180) in the preceding December and January. Multiple reminders were issued for Wave 2, achieving an overall re-contact success rate of 83%. A prize draw of a $2,000 holiday voucher was also offered for those who completed the second survey.

<table>
<thead>
<tr>
<th>Table 1: Sample sizes for each of the response formats</th>
<th>(a) Radio buttons</th>
<th>(b) Flick switch</th>
<th>(c) Drag and drop</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complete responses for Wave 1</td>
<td>166</td>
<td>151</td>
<td>147</td>
<td>464</td>
</tr>
<tr>
<td>Complete responses for Wave 2</td>
<td>141</td>
<td>123</td>
<td>123</td>
<td>387</td>
</tr>
<tr>
<td>Recontact success rate</td>
<td>85%</td>
<td>81%</td>
<td>84%</td>
<td>83%</td>
</tr>
</tbody>
</table>

**Dependent variables.** The following dependent variables were used to compare answer formats: (1) **Survey drop-out** is based on the number of people who discontinued the survey *during* the destination image exercise, as a proportion of those who *commenced* it. Drop-out is associated with low interest and high perceptions of burden in a survey (Galesic 2006), and can be triggered by questions that are long, cognitively demanding or otherwise difficult to answer (Peytchev 2009). (2) **Stability** between the two waves: a repeated “yes” or repeated “no” answer to the same destination-attribute combination was counted as stable; “yes” in one wave and “no” in the other was counted as unstable. (3) **Predictive validity**, derived from whether the destination that most closely resembled the respondent’s “ideal holiday destination” was also the one they would choose to visit if they won the $2000 prize draw, and had to spend it on a holiday at one of the destinations in their decision set. ‘Distance from the ideal’ was computed for each destination by assessing the mathematical difference for each attribute between (a) the destinations they were describing (0 for “no”, 1 for “yes”) and (b) the respondent’s “ideal holiday destination… the place [they] would most like to visit, that...
offers all the positive experiences [they] really like and none of the negative experiences [they] don’t like”. ‘Ideal destination’ was assessed on a 101-point scale for each attribute, where 0 means “my ideal destination is not at all like this” and 100 means “my ideal destination is absolutely like this” (rescaled to range between 0 and 1 for the above analysis). (4) Speed of completion, calculated as a median for each destination. (5) Self-reported respondent experience measuring ease of comprehension and completion, self-expression, interest in the topic, tiredness, distraction and providing ‘random’ responses without really thinking about the question.

Data analysis. For drop out, predictive validity, stability and the self-report measures, Chi-Square tests of independence were computed. Speed of completion was compared using a one way analysis of variance (ANOVA), with time per destination as the dependent variable and response format as the factor. Destinations that took 5 minutes or longer to complete were treated as ‘missing values’ in the ANOVA, due to the sensitivity of this test to extreme outliers. (If someone takes more than 5 minutes to respond to 15 attributes, it is safe to assume they have stopped to do something else, e.g. to answer a phone call; this was the case with between 5 and 15 respondents for each destination, from a total n=464).

3. Results

H1: Respondent drop out is lower for animated answer formats (not supported)

The basic radio buttons produced a modest dropout rate of 2.3% during the destination image task (Table 2). Neither of the animated formats was able to improve on this: the flick switch returned a similar drop-out rate of 1.8%, while the drag and drop attracted attrition that was higher (4.4%), although not significantly so.

<table>
<thead>
<tr>
<th></th>
<th>(a) Radio buttons</th>
<th>(b) Flick switch</th>
<th>(c) Drag and drop</th>
<th>Chi-square p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commenced task</td>
<td>175</td>
<td>163</td>
<td>158</td>
<td>0.325</td>
</tr>
<tr>
<td>Dropped out</td>
<td>4 (2.3%)</td>
<td>3 (1.8%)</td>
<td>7 (4.4%)</td>
<td></td>
</tr>
</tbody>
</table>

*Includes respondents who discontinued the survey during and after the destination image questions.

H2: Stability of responses is higher for animated answer formats (not supported)

The radio buttons yielded 79% stability, calculated by adding the destination-attribute combinations rated “Yes” in both waves (49%) and to those rated “No” both times (30%) (Table 3). The animated formats produced similar overall results in this regard, with the drag and drop (80% stability) out-performing the flick switch (78%). Due to the very large number of destination-attribute combinations being compared (66,795 in total), these differences are statistically significant (p=0.000) despite their very small magnitude.

<table>
<thead>
<tr>
<th></th>
<th>(a) Radio buttons</th>
<th>(b) Flick switch</th>
<th>(c) Drag and drop</th>
<th>Chi-square p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Yes”-“Yes”</td>
<td>48.7%</td>
<td>46.5%</td>
<td>50.1%</td>
<td>0.000</td>
</tr>
<tr>
<td>“No”-“No”</td>
<td>30.4%</td>
<td>31.5%</td>
<td>29.8%</td>
<td></td>
</tr>
<tr>
<td>Unstable</td>
<td>20.9%</td>
<td>22.0%</td>
<td>20.2%</td>
<td></td>
</tr>
</tbody>
</table>
**H3: Predictive validity is higher for animated answer formats** *(not supported)*

Two different measures were used to assess the predictive validity of the destination image data, set at two different thresholds for what counts as a ‘prediction’. Taking the radio buttons as our baseline, 75% of cases met the most generous threshold, where the destination with the *lowest or second lowest distance* from the ideal was their *first or second choice* of where to go if they won the prize draw. If analysis is limited just to the tightest threshold (*lowest distance = first choice*), this figure for predictive validity more than halves (35%).

As seen in Table 4 below, neither of the animated formats achieved stronger predictive validity than the radio buttons. The flick switch produced almost identical results to the radio buttons, while the effect of the drag and drop was inconsistent and non-significant.

**Table 4: Predictive validity of the destination image data**

<table>
<thead>
<tr>
<th></th>
<th>(a) Radio buttons (n=159)</th>
<th>(b) Flick switch (n=145)</th>
<th>(c) Drag and drop (n=143)</th>
<th>Chi-square p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>The destination with <strong>lowest or second lowest</strong> ‘distance’ from the ideal matched their <strong>first or second choice</strong> of where to go if they won the prize</td>
<td>74.8%</td>
<td>76.6%</td>
<td>81.1%</td>
<td>0.409</td>
</tr>
<tr>
<td>The destination with <strong>lowest ‘distance’</strong> from the ideal matched their <strong>first choice</strong> of where to go if they won the prize</td>
<td>35.2%</td>
<td>35.2%</td>
<td>30.8%</td>
<td>0.652</td>
</tr>
</tbody>
</table>

*Excludes 17 cases where the data did not meet the conditions for the predictive validity analysis due to identical description of all eight destinations (and therefore equal ‘distance’ from the ideal across the entire set.

**H4: Response time is shorter for animated answer formats** *(not supported)*

Neither of the animated formats proved to be faster than the radio buttons (Figure 2). For the first two destinations, both animated formats took *longer* to complete (17% longer for the drag and drop, 25% longer for the flick switch), presumably because respondents had to learn how to use those answer formats first. From the third destination, however, the drag and drop format was just as fast as the radio buttons (*p* ranged between .274 and .992 for destinations 3-8). The flick switch remained 10%-20% slower than the radio button format from the third destination onwards (*p*=.000).

Figure 2: Median completion time (seconds) for each destination.
H5: Respondent experience is more positive for animated answer formats (not supported)

Neither animated format caused comprehension problems, with only 1% of respondents saying they were still unsure about what they had to do to give their answers after completing first two destinations (2% for the radio buttons) (Table 5). Consistent with the speed data above, however, a substantial number said they were initially unsure about how to answer using the animated formats, and had to ‘figure it out’ (19% flick switch, 25% drag and drop).

Neither of the animated formats made respondents feel better able to express themselves (Table 5) or made the topic seem any more interesting (Table 6). Although the drag and drop format appears to have some positive effect on both of these measures, the difference is not statistically significant in either case.

Table 5: Respondent experience after assessing the first two destinations only

<table>
<thead>
<tr>
<th>n=464</th>
<th>(a) Radio buttons</th>
<th>(b) Flick switch</th>
<th>(c) Drag and drop</th>
<th>Chi-square p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease of working out what you had to do to give your answers</td>
<td>Knew exactly what to do as soon as I saw the question</td>
<td>92.8%</td>
<td>80.1%</td>
<td>74.8%</td>
</tr>
<tr>
<td></td>
<td>Unsure at first, but figured it out</td>
<td>5.4%</td>
<td>18.5%</td>
<td>24.5%</td>
</tr>
<tr>
<td></td>
<td>Still not really sure</td>
<td>1.8%</td>
<td>1.3%</td>
<td>0.7%</td>
</tr>
<tr>
<td>Ability to express what you think</td>
<td>Completely</td>
<td>28.9%</td>
<td>27.8%</td>
<td>34.0%</td>
</tr>
<tr>
<td></td>
<td>Mostly</td>
<td>54.8%</td>
<td>57.6%</td>
<td>55.8%</td>
</tr>
<tr>
<td></td>
<td>A little</td>
<td>12.7%</td>
<td>11.9%</td>
<td>7.5%</td>
</tr>
<tr>
<td></td>
<td>Not at all</td>
<td>3.6%</td>
<td>2.6%</td>
<td>2.7%</td>
</tr>
</tbody>
</table>

Problematically, however, those responding to the animated formats were significantly more likely to report having felt tired during the destination image questions, as well as having been distracted and randomly marked down responses without really thinking for one or more of the destinations (Table 6). This indicates that – contrary to expectations – respondents do not report a more positive experience using the animated formats than they do with radio buttons.

Table 6: Respondent experience after assessing all eight destinations

<table>
<thead>
<tr>
<th>n=464</th>
<th>(a) Radio buttons</th>
<th>(b) Flick switch</th>
<th>(c) Drag and drop</th>
<th>Chi-square p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>How interesting was</td>
<td>Very interesting</td>
<td>42.2%</td>
<td>37.7%</td>
<td>49.7%</td>
</tr>
<tr>
<td></td>
<td>Fairly interesting</td>
<td>51.2%</td>
<td>49.0%</td>
<td>43.5%</td>
</tr>
<tr>
<td>Response</td>
<td>Yes (%)</td>
<td>No (%)</td>
<td>Maybe (%)</td>
<td></td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>---------</td>
<td>--------</td>
<td>-----------</td>
<td></td>
</tr>
<tr>
<td>How interesting do you find this topic for you?</td>
<td>A little boring + Very boring</td>
<td>6.6%</td>
<td>13.3%</td>
<td>6.8%</td>
</tr>
<tr>
<td>Did you find yourself getting tired?</td>
<td>Extremely + fairly tired</td>
<td>6.0%</td>
<td>17.2%</td>
<td>19.7%</td>
</tr>
<tr>
<td></td>
<td>A little tired</td>
<td>17.5%</td>
<td>25.2%</td>
<td>19.0%</td>
</tr>
<tr>
<td></td>
<td>Didn’t get tired at all</td>
<td>76.5%</td>
<td>57.6%</td>
<td>61.2%</td>
</tr>
<tr>
<td>Did you find yourself getting distracted?</td>
<td>Extremely + fairly distracted</td>
<td>4.2%</td>
<td>13.9%</td>
<td>10.9%</td>
</tr>
<tr>
<td></td>
<td>A little distracted</td>
<td>13.9%</td>
<td>20.5%</td>
<td>18.4%</td>
</tr>
<tr>
<td></td>
<td>Didn’t get distracted at all</td>
<td>81.9%</td>
<td>65.6%</td>
<td>70.7%</td>
</tr>
<tr>
<td>Randomly choosing answers without really thinking*</td>
<td>With most or all of the destinations + with around half</td>
<td>4.2%</td>
<td>10.6%</td>
<td>12.2%</td>
</tr>
<tr>
<td></td>
<td>On a few of the destinations</td>
<td>12.0%</td>
<td>19.2%</td>
<td>12.2%</td>
</tr>
<tr>
<td></td>
<td>Not at all</td>
<td>83.7%</td>
<td>70.2%</td>
<td>75.5%</td>
</tr>
</tbody>
</table>

* Respondents were told: “Note - there is no penalty, we just need to know so we can design better surveys”.

4. Conclusions

In his comprehensive text on survey design for the web, Couper highlights the potential and promise of ‘rich content’ and interactivity in surveys, but also cautions against indiscriminate use: “These tools should only be used only where it is appropriate to do so, and only when there are demonstrated advantages in terms of data quality or the user experience in completing the survey” (Couper 2008, p133).

Based on the evidence presented above, the flick switch and drag and drop tools tested here cannot be recommended for use in measuring brand-attribute association. Compared with the basic radio buttons, both animated formats have a negative effect on perceived fatigue and distraction (H5), and the flick switch is slower to use (H4). These disadvantages come without any benefits in reducing drop out (H1), meaningfully increasing stability (H2) or predictive validity (H3), or increasing respondents’ self-expression or interest in the topic (H5).

Rather than reducing extrinsic cognitive load, therefore, it appears that the colour and animation of these alternative formats in fact increased the complexity of the task by adding ‘seductive details’ (Garner, Gillingham & White 1989) – material that may appear interesting but ultimately disrupts the process of responding to the survey (Couper et al 2013).

Although this is a negative conclusion about these two animated formats, it is equally a positive conclusion about the traditional radio button format. In the absence of other alternative formats to test, we can conclude that radio buttons are ‘as good as it gets’ when it comes to the visual presentation of forced choice full binary scales in web surveys.

References


Assessing Best-Worst Scaling in Consumer Value Research

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Abstract
The traditional approach to consumer values measurement is through the use of ubiquitous rating scales. However, the use of rating scales is prone to various response style biases such as social desirability bias, acquiescence bias and extreme response bias. As consumer values are inherently positive constructs, respondents often exhibit little differentiation among the value dimensions when measured using rating scales. Best-Worst Scaling (BWS) overcomes these problems by asking respondents to make trade-offs among the value dimensions being assessed. In spite of its many advantages and growing use in consumer research, the ipsative data problem associated with BWS has not been well understood. The purpose of this study is to shed some light on the ipsative data problem and its implications for consumer value researchers.

Keywords: consumer values measurement, best-worst scaling, ipsative data problem.
Track: Market Research

1.0 Introduction

Due to advantages of the Best-Worst Scaling (BWS) method, it has been well established in recent years as the preferred method in consumer value measurement to overcome the inherent biases of traditional rating scales (Louviere et al., 2013; Marley & Louviere, 2005). BWS overcomes rating scales response style biases by asking respondents to make trade-offs among the value dimensions being assessed (Lee et al., 2008). It has also been found to be easy for respondents to understand in comparison with other methods such as rating scales and ranking scales (Chrzan & Golovashkina, 2006; Marley & Louviere, 2005). It has been effectively employed to replicate Schwartz’s (1992) values circumflex structure (Lee et al., 2008) and Kahle’s (1983) List of Values (LOV) theory (Lee et al., 2007).

In spite of its many advantages and growing use in consumer research, the ipsative data problem (a common total test score for all individuals) associated with BWS has not been well understood. Most of the BWS studies have ignored this issue and focused instead on mean differences on an aggregated level (Burke et al., 2013; Lee et al., 2007) or on mean differences between segments (Mueller & Rungie, 2009; Wedel & Kamakura, 1999). The purpose of this study is to shed some light on the ipsative data problem and its implications for consumer value researchers.

The remainder of the paper is organized as follows: First we provide a background of the BWS method and discuss its unique advantages. We then discuss the ipsative data problem associated with the BWS method. Next we present evidence from an empirical study of using BWS to measure consumption-related values (Holbrook, 1994, 1999; Sheth et al., 1991) and Kahle’s (1983) List of Values and conclude by discussing the implications of our study and avenues for future research.
2.0 Background of the BWS Method

The BWS method was first introduced by Finn and Louviere (1992) to measure the relative importance of food safety against other areas of public concern. The formal mathematical proofs about its measurement properties were provided in Marley and Louviere (2005). BWS is a comparatively new method of measurement that has a number of advantages (Louviere et al., 2013). The BWS method effectively permits respondents to evaluate all pairwise combinations of alternatives presented in a particular subset leading to the assumption that their 'best' and 'worst' choices represent the maximum difference in utility between all the items. Therefore, the BWS method has been found to achieve comparatively the most accurate and reliable data which has provided researchers with the highest level of discrimination between items, thus having a higher tendency to predict what they are intended to predict (Cohen, 2003). Consequently, the BWS technique is the best solution to solve the problems of 'end-piling' related to the use of ratings scales, where respondents systematically respond positively to each item. Moreover, the BWS method asks the same item multiple times, thus increasing the reliability of the test (Lee et al., 2008). Furthermore, acquiescence and extremity response biases are also reduced in comparison to traditional rating scales as the construction of the best–worst choice task does not allow respondents the opportunity to distort their true choice (Lee et al., 2007).

With an appropriate experimental design, such as a balanced incomplete block design (BIBD) where items within the experiment are balanced and adequately randomized (Green, 1974), the error component of the utility of the maximum difference pair in the subset can be estimated. The major benefit of using a BIBD design in BWS is its capability of greatly decreasing the number of choice sets to be evaluated while maintaining the balanced appearance and co-appearance of items across the sets. The number of items that appear in each set ideally must be fixed at three or more (Green, 1974; Raghavarao & Padgett, 2005). In a BIBD design, no item appears more than once in a block; every pair of items appears in the same number of blocks; each block is of equal size; and every item appears equally (Massey et al., 2013).

In addition, BIBD designs allow a relative importance scale to be derived for further statistical analysis. If each item in the experiment has been shown an equal number of times, by simply aggregating the number of times a particular item has been chosen by an individual as the 'best' (most important), and subtracting the amount of times it has been chosen as the 'worst' (least important) across the whole experiment, an importance scale can be derived. This scale is commonly referred to as the “best minus worst” (BMW) scores, and it is a simple and straightforward method which has been shown to closely approximate true scale values as derived through multinomial logit analyses (Flynn et al., 2007). This importance scale can then be used to construct an individual importance rating for comparisons across the sample (Auger et al., 2007) and to provide interval level data for further multivariate research (Marley and Louviere, 2005). Furthermore, BIBDs allow users to attain more data from each respondent because a typical BIBD design encompasses three or more replications that increase the effective sample size and allow one to gain more efficient estimates (Raghavarao & Padgett, 2005). In summary, the BWS method has been proven to be simple and easy to complete and does not require too much training to undertake them (Flynn et al., 2007). For that reason, the BWS method has been applied in a wide range of contexts to investigate a wide variety of problems (Burke et al., 2013).
3.0 Ipsative Data Problems

Even though the BWS method has been proven in the extant literature to be a preferred method to rating and ranking scales, it is one kind of forced-choice methods in which respondents have only one way to select the best or worst item as it has no option for using the middle, the end points or one end of the scale (Cohen, 2003). In fact, it forces respondents to discriminate among the items by selecting the most important or least important from a series of choice sets typically defined by a BIBD. Although these types of comparative judgment can lessen the impact of various response style biases that are common in rating scales, traditional scoring procedures for the BWS method produce ipsative data problems, whereby all individuals have a common total test score (Brown & Maydeu-Olivares, 2011, 2012, 2013). Let us explain it by using an example with the BWS format. As discussed earlier, the BWS method asks about one item multiple times across subsets. Suppose in a block of seven, seven items (in this case, they are consumption-related value dimensions) have been measured where each item has been shown three times across subsets. If the best minus worst (BMW) scoring procedure is used, the results of two respondents are as given below:

<table>
<thead>
<tr>
<th></th>
<th>Most</th>
<th>Least</th>
<th>M-L</th>
</tr>
</thead>
<tbody>
<tr>
<td>Functional Value(Quality)</td>
<td>3</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Functional Value(Price)</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Social value</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Emotional value</td>
<td>0</td>
<td>2</td>
<td>-2</td>
</tr>
<tr>
<td>Epistemic value</td>
<td>0</td>
<td>3</td>
<td>-3</td>
</tr>
<tr>
<td>Aesthetic value</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Altruistic value</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total score</td>
<td>7</td>
<td>7</td>
<td>0</td>
</tr>
</tbody>
</table>

Whilst the two respondents' responses are different in their choices, the total test score produces the same result for these two individuals (i.e. the ipsative data problem). Due to the ipsative data problem, the correlation matrix of the items will produce one zero eigenvalue that restricts the use of factor analysis and violates the basic assumption of classical test theory (Brown & Maydeu-Olivares, 2012). Furthermore, the covariance between a questionnaire’s scales and any external criterion must sum to zero because the zero variance of the total score and reliability coefficients are misleading in forced-choice methods as the ipsative data problem disrupts the underlying assumption of classical test theory (Brown & Maydeu-Olivares, 2012).

Lee, Soutar, and Louviere (2008) claimed that the square root of the best count divided by the worst count (Sqrt(B/W) scoring procedure should be free from the ipsative data problem and that factor analysis could be performed well. Moreover, Davidson (2013) used Best-Minus Worst (BMW) scoring procedure and dropped one item to test the measurement model via classical test theory to go around the ipsatisation problem. However, no concrete evidence has been presented to support their claims.

4.0 Empirical Study of Using BWS to Measure Consumer Values

Given the limited and incomplete research on how to deal with the ipsative data problem for the BMW scores, this study attempted to fill this research gap by presenting evidence from an empirical study of using BWS to measure seven consumption-related values (Holbrook, 1994, 1999; Sheth et al., 1991) and Kahle’s (1983) list of nine personal values.
In view of the importance of both tangible and intangible features in the restaurant environment, we selected the restaurant services sector as our research setting for exploring utilitarian and hedonic value dimensions. The seven consumption-related consumer values were based on the Theory of Consumer Values proposed by Sheth et al. (1991) and Holbrook’s (1994, 1999) consumer value typology. They were adapted to the restaurant services context as follows: First, the functional value dimension of quality is represented by items of “high quality, tasty food, & healthy option”. Second, the functional value dimension of price is represented by items of “reasonable price, economical, & value for money”. Third, the social value dimension is represented by items of “feeling acceptable, good impression, & social approval”. Fourth, the emotional value dimension is represented by items of “happiness, sense of joy, & gives pleasure”. Fifth, the epistemic value dimension is represented by items of “satisfy curiosity, variety of menu, & new experience”. Sixth, the aesthetic value dimension is represented by items of “design decoration, appearance of staff, & table arrangement”. Finally, the altruistic value dimension is represented by items of “ecologically produced, coherent with your ethics & moral values”.

The questionnaires were distributed online by a marketing research company in Australia to its nationwide online panel members comprising regular visitors to restaurants. The online research company’s panel members were 18 years of age or older and the proportions were female (51.3%) and male (48.7%). The survey questionnaire was distributed online to a total of 610 Australian consumers and finally 317 complete responses were collected that exceeds a 50% response rate.

This study at first used the best minus worst (BMW) scoring procedure for both the seven consumption-related consumer values and nine personal values to test how factor analysis findings are affected by the ipsative data problem with this scoring method. As expected, we found that the correlation matrix produced by factor analysis had a zero determinant and the matrix was not a positive definite for both cases. In addition, the average off-diagonal covariance had negative values due to the ipsative data problem and one item had a zero eigenvalue, thus precluding the use of factor analysis. Therefore, we can conclude that the BMW scoring procedure was severely affected by the ipsative data problem that violated the basic underlying assumption of classical test theory.

In the next stage of data analysis, this study used the square root of the best and worst scoring procedure to test whether or not this alternative scoring method can solve the ipsative data problem as suggested by Lee et al. (2008). Although this $\text{Sqrt}(B/W)$ scoring procedure did not produce the same total scores for each individual, we found the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was less than 0.50 for both consumption-related consumer value and personal values constructs, thus indicating the inappropriateness of factor analysis (Hair et al., 2010). Therefore, this study has contradicted the claim made by Lee et al. (2008) and has concluded that $\text{Sqrt}(B/W)$ scores are still suffering from the ipsative data problem, thus violating the underlying assumption of classical test theory.

We also used our empirical data to test Davidson’s (2013) alternative way of dealing with the ipsative data problem for the BMW scores. The logic behind Davidson’s (2013) ‘dropping one item’ approach was that the sum of the remaining BMW scores would no longer be a constant zero for each individual; their correlation matrix would have a non-zero determinant; and the scores would no longer be linearly dependent. The ‘dropping one item’ approach seems, on the surface, to have solved the ipsatisation problem. However, we found this approach also resulted in a low KMO measure of sampling adequacy (MSA) values
(below 0.50), which is too low for a meaningful factor analysis. Therefore, we conclude that the dropping one item approach is not an appropriate solution to the ipsative data problem. The empirical results are summarized in Table 1.

Table 1: Empirical Findings Regarding Ipsative Data Problems with BWS Method

<table>
<thead>
<tr>
<th>BWS Scoring Procedure</th>
<th>Findings of Factor Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Best minus Worst (BMW) Scored data</td>
<td>The correlation matrices produced by factor analysis had a zero determinant and the matrices were not positive definite for both constructs. Moreover, the average off-diagonal covariance had negative values due to the ipsative data problem and one item had a zero eigenvalue for both constructs.</td>
</tr>
<tr>
<td>Square root of the ratio of the Best and Worst Scores</td>
<td>The KMO measure of sampling adequacy for the multi-dimensional perceived value construct was 0.041 and all individual MSA values were less than 0.50. In addition, the lower MSA values for overall KMO (0.052) and lower individual MSA values (below 0.50) in terms of the personal values construct raising a question about the appropriateness of factor analysis (Hair et al. 2010).</td>
</tr>
<tr>
<td>Dropping One Item with Best minus Worst Score</td>
<td>This study still found a low KMO measure of sampling adequacy (MSA) values for both constructs (below 0.50), inappropriate for a meaningful factor analysis (Hair et al. 2010).</td>
</tr>
</tbody>
</table>

5.0 Discussion and Conclusions

Best-Worst Scaling has become a popular new method to measure consumer values. It has many advantages over traditional consumer value measurement via rating or ranking scales. However, the ipsative data problem associated with BWS has still not been well understood by consumer value researchers. In this study, we have confirmed that the best minus worst (BMW) scoring procedure will produce ipsative scores that will preclude the use of factor analysis and structural equation modelling. We have also provided empirical evidence to show that neither the Sqrt(B/W) scoring procedure suggested by Lee et al. (2008) nor Davidson’s (2013) ‘dropping one item’ approach was effective in solving the ipsative data problem. Our findings suggest that consumer value researchers should be made aware of this hidden data problem.

BWS can provide good data if the research goal is to obtain a clear-cut reading of the relative importance of consumer value items. Such data can also be used to compare mean differences among different demographic and/or attitudinal segments. Cluster analysis of the BMW scores can allow a researcher to examine heterogeneity across the individual respondents and uncover meaningful segments. It is also worth noting that one can also run cluster analysis across the BMW items to identify meaningful factor structure. We found this cluster analysis approach to be a good substitute for factor analysis to explore the factor structure underlying the BMW scores. One avenue for future consumer value research is to compare the effectiveness of different clustering algorithms in finding the underlying consumer value structure.

Another avenue for future consumer value research is to explore the use of item response theory (IRT) based on Thurstone’s (1927) law of comparative judgment to solve the ipsative data problem. Although Brown and Maydeu-Olivares (2013) have claimed success in using this approach to solve problems of ipsative personality data via the use of Mplus software (Muthén & Muthén 1998-2010), their finding is yet to be replicated in consumer value research literature.
References


Abstract
This paper outlines a case for investigation of why current anti-smoking advertising and promotional messaging is not having positive effects amongst smokers within the health system who are marginalised and experience mental illness.

Design/methodology/approach: It is proposed that a case study approach be adopted using qualitative research amongst respondents from within the Brisbane Health system, using a semi-structured questionnaire with appropriate communication stimuli.

Originality/value: Previous research demonstrates anti-smoking messaging is having effects on smoking cessation amongst the general population. However, smokers who are marginalised within the health system appear not to be responding to health warnings and anti-smoking advertising messaging. No research is available on why current anti-smoking messaging is having minimal resonance and effects amongst this group. This qualitative study will offer opportunities for leadership and application of best practice communication in helping people make a truly informed choice about tobacco.

Keywords: Anti-smoking, tobacco, health services, marginalised communities

Introduction
Smoking rates are dropping in many segments of the community, although members of marginalised communities seem to be more likely to resist campaigns to cease smoking. The purpose of this paper is to review the literature from the perspective of advertising effects to determine which factors may lead to greater success and to explore the data collection methods used in previous studies with the aim of suggesting which approach to data collection and analysis may be most effective in a study of smokers in the health system, including those with mental illness. The paper concludes by proposing research outlines for such a study.

Literature review
Evidence indicates that media campaigns can be effective tools for preventing smoking, particularly amongst youth (Wakefield et al., 2003). Noar and Kennedy, (2009) demonstrated health-prevention media campaigns have influence on actual behaviours, albeit in the short term. From the early 2000’s, in the USA, longitudinal surveys of government-funded television campaigns conducted in Massachusetts amongst youth (Siegel & Biener, 2000), and in Florida (Sly et al., 2001) have reported significant reductions in smoking uptake as a function of reported exposure to counter advertising campaigns. A massive anti-smoking ‘truth’ advertising campaign resulted in substantial declines in youth smoking (Farrelly et al., 2005). In fact, many states and countries, including Australia since the 1980’s, have implemented anti-tobacco media campaigns, with beneficial effects (Borland, 1997; Borland & Hill, 1997; Wakefield et al., 2003). In the UK the Health Education Authority’s anti-smoking TV campaign reduced smoking prevalence through encouraging smokers to stop and helped prevent relapse (McVey & Stapleton, 2000). The greatest influence on smoking rate reduction in Australia is evidenced by the 2013 National Drug Strategy Household
Survey, following the plain packaging introduction. Substantial reduction to rates has occurred. The percentage of 18 to 24-year-olds who have never smoked increased to 77% from 72% in 2010, while the number of 12 to 17-year-olds who have never smoked held steady at a near universal 95%. The three-year survey shows just 12.8% of Australians over the age of 14 are now smoking on a daily basis. This is a significant decline from the 2010 survey when smoking rates were 15.1% (Freeman, 2014).

Advertising research carried out globally has tended to concentrate on groups biased towards youth, and though not exclusively, they are comparatively high in self-efficacy (Biener et al., 2004; Leshner et al., 2009; Schneider et al., 2001; Wong & McMurray, 2002) where this is seen as important to cessation. On the other hand, those who do not perceive that they are efficacious respond in a variety of ways, while those unable or unwilling to change their smoking behaviour represent a hard-core of smokers, may never be able to quit (Thompson et al., 2009). In these studies youth has developed a resistance to what they regard as authoritative messaging. Other research has given consideration to age, gender, and ethnicity (Farrelly et al., 2003). Studies of adults have included research in less advantaged communities and has demonstrated the importance of social context for the up-take and maintenance of smoking (Poland et al., 2006), especially among disadvantaged groups, where factors associated with low socioeconomic status (e.g. high unemployment, poor education, stress etc.) are implicated in high smoking and much lower quit rates (Baker et al., 2006; Harwood et al., 2007).

It is recognised that within marginalised communities, indigenous populations are consistently over-represented in smoking prevalence, particularly within developed countries throughout the world including Canada, New Zealand and the U.S. (Yusuf et al., 2001; Bramley et al., 2005) where associated morbidity and mortality statistics amongst marginalised communities are also high, (and also amongst schizophrenia patients: Lambert et al., 2003). Research in Australia and New Zealand amongst the marginalised or groups with less self-efficacy, has, for the most part, concerned epidemiological studies of the incidence and prevalence of smoking and the links between smoking and disease (Ivers, 2001). For example, Vos et al., (2007) established that 12% of the total disease burden among Indigenous Australians is attributable to tobacco use and while tobacco use is the single most important risk factor for excess mortality and morbidity amongst Indigenous Australians, tobacco use was responsible for as much as one-fifth of Indigenous deaths in 2003.

Thus analysis of smoking rates among the marginalised has demonstrated a resistance to advertising campaigns designed to reduce smoking incidence, which has implications for the health system as a whole (Allan, 2013). While there is debate within the health system about how much higher the rate is amongst folk with serious mental illness than the general population, there is little debate about its harmful effects (Ragg & Ahmed, 2008). Therefore further investigation amongst marginalised communities that includes Indigenous respondents across age groups is worthwhile.

Anti-smoking message content

Wakefield, Durrant, et al., (2003) compared the similarity in how youth in the United States, Britain and Australia appraise anti-smoking advertisements with different characteristics. Across these countries youth responded to anti-smoking advertisements in similar ways, such that a certain level of generalization is possible in reviewing anti-smoking research country to country. In fact, a major review of mass media to reduce smoking amongst youth underpins that there is no single recipe for anti-smoking advertising that leads
to smoking cessation or reduction and no one single investigative method can be employed (Wakefield, Flay, et al., 2003).

Much of the research concerning anti-smoking messaging has used stimuli that have included advertising examples, predominantly from print advertisements, (and packaging) and from watching TV commercials, while experiments have investigated different aspects of the messaging, the target audiences and how these messages are being received. The results of Cohen et al.’s (2007) advertising review reveals that anti-smoking advertising relies overwhelmingly on appeals to attitudes, and that generally these anti-smoking campaigns have been effective. Intersecting with the advertising messaging is the cultural context in which smoking occurs. Arguably, while discovery about messaging in itself is valuable, the context of the culture and the environment may be as important to the way in which anti-smoking advertising content is made relevant, thus ultimately its effects. So while tobacco is a global phenomenon, consumed across many different and varied ethnic groups, it is ‘culture [that] shapes the specific methods and patterns of its use’ (Unger et al., 2003, p. S101). In fact, Unger et al. contest that the reasons people use tobacco, the meanings of tobacco use, and the implications of not smoking, are all determined - to a significant degree - by cultural context, which in this context may be being played out within our proposed research samples and therefore be an important factor in the resonance of the advertising message.

The social determinants of smoking amongst marginalised communities (Thomas et al., 2008; Johnson & Thomas 2008; Passey et al., 2012) using qualitative methods, may offer clues as to why advertising messaging is not having positive effects. Johnson and Thomas’s (2008) investigation amongst marginalised Indigenous communities identifies a complex interplay of historical, social, cultural, psychological and physiological factors that influence the smoking behaviours of Indigenous adults in remote Australian communities; many of their findings being supported by previous researchers. Many of the determinants of smoking and barriers to quitting were similar to those that exist among smokers in disadvantaged settings elsewhere. For example, personal- substance abuse, emotional disorders, risk perceptions, family-parenting attitudes towards smoking- social -peer smoking, environmental- tobacco advertising and, cigarette pricing. Pampel (2006) also found lower socioeconomic status (SES) groups and those more marginalized from dominant groups (more self-determining) appear to differ in smoking norms. Based on current SES patterns of smoking, the habit may not carry the same stigma for lower SES groups as it does for higher SES groups—it might even signify risk taking, independence, and an anti-authoritarian attitude.

Social and economic contexts reinforce how an addictive behaviour is influenced by cultural norms and processes that could have significant effects on the resonance of anti-smoking campaigns is supported by New Zealand research by Hill et al. (2007). They advocated that public health programs, aimed at reducing tobacco use, should pay particular attention to disadvantaged, Indigenous and ethnic minority groups in order to avoid widening relative inequalities in smoking and smoking-related health outcomes. Other SES factors of high importance that participants identified, included stress, overcrowding, boredom, and a low health priority as salient, which were prevalent within an experience of relapse after an attempt to quit (Johnson & Thomas, 2008). In addition, researchers determined, high nicotine dependence, characterised by withdrawal, the significant amount of time spent obtaining the tobacco and unsuccessful attempts to quit (Shadel et al., 2000), was also instrumental in maintaining their smoking behaviour, (Bancroft et al., 2003), while research amongst Australia’s prison population cited cannabis attachment (Belcher et al., 2006).
Perhaps Johnson and Thomas’s (2008) most enduring discovery lies in their determination that the most significant drivers of smoking related to the unique social and cultural context is explained through the inter-exchange and sharing of tobacco; sharing between family and friends may act as reinforcement. Thus the importance afforded by reciprocity in Australian Indigenous communities deserves special attention, which may be shared in wider marginalised communities. In fact, within previous research Brady (1993) underscores the role that social and kinship (friendship or exclusion) pressures play in relation not only to tobacco but to alcohol abuse and thus within marginalised populations these two factors may go hand in hand. Furthermore, external factors such as the health system itself, and the support mechanisms within it may be inadequate (Allan, 2013). Given this, it is imperative to understand the context in which marginalised people start to smoke, the reasons as to why they persist in smoking, in addition to their reasons for rejection or outright defiance (Wolburg, 2004) towards current anti-smoking messaging; the obstacles and drivers to quitting all need more thorough understanding. It is only when we understand these factors that policy and programs on tobacco control can start to make some headway in reducing the alarmingly prevalent incidence of smoking amongst the marginalised within the health system.

Therefore the study’s aims are: 1. The identification of marginalised adult communities containing smokers. 2. Description of The reasons why these individuals started and under what circumstances these smokers continue to smoke. 3. The obstacles to, and the drivers of quitting smoking, and 4. The reasons why the current anti-smoking messaging is not having resonance within this target group.

Methodologies Previously Employed

Studies have included extended focus group research, experiments and some have employed large-scale telephone or in class surveys in longitudinal studies, mostly amongst youth, particularly in the USA, and heavily weighted towards quantitative methods. A review of campaigns by Wakefield, Flay, et al., (2003) covered empirical studies encompassing community trials, field experiments with studies both within natural and controlled settings. Other advertising investigation has migrated to interactive Internet communication (Miller et al., 2001) where increasingly tobacco advertising and promotion is occurring (Freeman, 2011). Some other researchers have explored the effects of message frame (positive versus negative), however, these findings have been mixed (Schneider et al. 2001; Wong & McMurray, 2002).

In an exhaustive review of health communication campaigns, Freimuth (1994) distinguished six types of effects advertising campaigns typically seek to achieve. Order on their hierarchy (of effects) on their persuasive impact, suggesting larger effects occur in the earlier stage (awareness, information seeking, knowledge gain) and more modest (attitude change, behaviour intentions, behaviour change) in later stages. Highly emotional scare campaigns concerning TV messaging in New Zealand, concentrated on respondents watching ads (Leshner et al., 2009), however, overall media campaigns show marginal evidence of a direct link between media consumption, viewer attitude and behaviour change (Macnamara et al., 2013, p.20), but in examining fear and disgust content knowledge and awareness levels have heightened (Biener et al., 2004; Lesner et al., 2009). However, no links to attitude and behaviour have been established, thus consensus regarding the dynamics of fear appeals in advertising remains elusive.

Fear and disgust appeals go beyond advertising per se. Hammond’s (2011, p.327) review states ‘Health warnings on packages are among the most direct and are prominent
means of communicating with smokers and health warnings promote long-term abstinence from smoking. In Australia, 62% of quitters reported in 2008 that the pictorial warnings had ‘helped them to give up smoking,’ while 75% reported the warnings ‘had an effect on their behavior’ a significant increase from the 25% who reported an effect from text warnings 8 years earlier; larger warnings with pictures being significantly more effective than smaller, text-only messages’ (Shanahan & Elliott, 2008, p. 28). Strahan, et al. (2010), found highly emotional messaging is significantly more effective but concluded fear appeals are effective to the extent that they are accompanied on pack by messages that provide information about how to avoid the threat that is highlighted by the fear appeal. Despite this, Thompson et al., (2009), believe that fear appeals could be having a negative impact on certain sectors of the population. Thus the messaging may be having the opposite effect serving to reinforce the stigmatisation of ‘hard-core’ smokers (Aitken & Eadie, 2006), a significant number occurring amongst the marginalized.

Authors stress more research on message content is essential, (Hammond, 2011) and though Glock et al., (2012) determined that self-efficacy can determine cessation success, reframing warnings as questions on packs might reduce defensive effects, they concurred. Thus further research into why anti-smoking communications are having little or no effect amongst the marginalized within the health system requires urgent investigation.

**Recommended Research Methodology and Limitations**

It is suggested that due to the complexities, this study should employ qualitative methods to explore the reasons why marginalised people start to smoke, continue to smoke and may or may not quit. It is proposed that under a hierarchy of advertising effects model (Friemuth 1994; Keller 1989) through more fully understanding these processes effective anti-tobacco interventions for this population, discovery can be made. There may be some limitations to the study. Many of marginalized are less well educated. They are also vulnerable. They may be unwilling to discuss issues that are extremely personal to them and on the other hand a self-completion survey could be difficult to operate. Similarly, it may be less easy to engage younger adults to participate in the study, as many of the marginalized will include those in the health system suffering from schizophrenia and major forms of depression, thus with serious mental illness. Many of these folk will be relatively older. Thus, the narratives surrounding smoking initiation refer to participants’ experiences, in some cases, will have occurred several decades ago and might not be fully representative of their actual experiences of taking up smoking. Nevertheless previous research findings suggest that there is a complex interplay of historical, social, cultural, psychological and physiological factors, which influence the smoking behaviours of marginalized adults that need explication.

Approximately 30 semi-structured interviews with marginalised community members, (from amongst those of low SES, Indigenous and with mental illness within the Queensland health system), will investigate their views and experiences of smoking, and include those who have not taken the habit up. Health staff working in the communities will include both government and non-government workers, and occur in two selected communities amongst both male and females. Advice on any significant cultural protocols will be carried out through informal discussions with health leaders, where appropriate community members can provide additional data. Sampling will utilise a mix of purposive and snowball techniques, aiming to be inclusive of the experiences of adult respondents, with a range of smoking histories and with an idea of finding out the vernacular used around smoking and the reinforcement processes occurring. To prompt response on messaging, anti-smoking advertising photographic stimuli will include the visceral imaging being used on tobacco.
packaging, outdoor advertising poster messaging, and will also include simple health warnings being employed locally.

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tobacco embedded social Marketing. Report for Cancer Institute of NSW by Centre of Public Communication, University of Technology, Sydney.


Photo Elicitation: Understanding Factors Contributing to a Successful Public Marina in Western Australia?

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Abstract
The Australian coastline is a popular destination for tourism, leisure and recreational activities. Marinas are an important avenue for Australian society’s relationship with coastal and marine environments and are significant revenue generating infrastructures. The sustainability of marinas has been recently questioned, along with the need to understand and replicate successful Marina’s such as Hillarys Boat Harbour in Western Australia. A photographic competition was utilised to generate respondent produced stimuli (photographs along with 25 word captions) to elicit perceptions of Hillarys Boat Harbour in Western Australia, from the perspective of visitors, businesses and penholders. The photographic competition provided material that generated a rich source of data as people articulated their emotive associations with Hillarys. Through the use of photographs and captions, themes emerged that clearly illustrated Hillarys as more than a just a facility but a local to create memories and social experiences shaping Hillarys as a unique place and brand.

Keywords: Photo-elicitation, respondent generated stimuli, place marketing
Track: Market Research

1.0 Introduction

Australians have a special affinity with coastal environments. Previous research has demonstrated the popularity of the Australian coastline for tourism, leisure and recreational activities (Dimmock, 2012; Maguire, Miller, Weston, & Young, 2001), being highly sort-after due to the positive emotions offered by the natural amenity of coastal landscapes (Dimmock, 2012). Beaches and other coastal leisure spaces provide opportunities to experience feelings of freedom and escape by providing opportunities for social mixing, recreation and a range of other activities (Dimmock, 2012; Wesley & Pforr, 2010). As evident, Australians assign a diversity of values to coastal environments, therefore social research is needed to identify these values and to ensure that there is community involvement and alignment in decision making regarding the management of these settings (Maguire, et al., 2001).

Marinas are an important avenue for Australian society’s relationship with coastal and marine environments (Hogan & De Marco, 2011). Currently, there are 356 marinas in Australia, which generate approximately $761 million in gross revenue (in 2010/11). These marinas provide a range of boat storage spaces, including berths, pens, moorings, boat-stacks and hardstand areas for both commercial and recreational boats (Mahoney, Herbowicz, & Voldeck, 2011). Many have structured recreational programs and nearly three quarters of marinas have business tenants paying for space in marinas or for right to access the marina (Mahoney, et al., 2011).

Modern marinas are no longer simply boat storage and servicing locations, they now are multiple-use facilities with a range of land and water based water activities as well as other retail and recreational facilities (Hogan & De Marco, 2011). They often served both
local residents and visitors from other areas, who both have different wants when it comes to
the facilities and services provided. For example, local residents often want promenades, food,
picnic and beverage facilities as well as the staging of public events, all in a pleasing aesthetic
environment. Whereas visitors often require public docking facilities, communications
facilities, and restaurants (Hogan & De Marco, 2011).

One of the more popular areas for coastal recreation in Perth, Western Australia is
Hillarys Boat Harbour. Hillarys is a functioning marina comprising approximately 400 boat
pens as well providing for multiple recreation opportunities and retail outlets. It caters for the
large local population as well as attracting visitors wanting to participate in boating, other
water-based recreational activities, dining out and shopping. There is also a sheltered and
subsequently safe swimming beach that is extremely popular with young families and people
wanting to swim laps of the Harbour. Established in 1988, the Harbour won the Best Public
Boat Harbour at the 2013 Marina Industries Association annual awards and has an estimated 5
million visitors a year (Marina Industries Association, 2014). It is located 13 nautical miles
north of metropolitan Perth, Western Australia and accommodates up to 700 vessels and
includes 400 boat pens, six boat ramps, a service wharf, a boat lift and fuelling facilities
(Department of Transport, 2014a). It also contains a retail and dining precinct with over 30
retail outlets and 27 food and beverage providers which include a tavern, licensed restaurants
and small food outlets (e.g. ice-cream, burgers, fish and chips, etc.). Public facilities including
toilets, showers, barbeques and picnic facilities are also provided with shaded grassed areas
adjacent to the main swimming beach. There is a water-slide theme park (The Great Escape)
which along with four main slides also includes other recreational activities including mini-
golf, trampolines, rock climbing walls and novelty rides.

The Boat Harbour is owned and managed by the state government of Western
Australia. It was built as part of a large infrastructure development program associated with
Perth hosting the America’s Cup in 1987. It was opened to the public in 1988 (Department of
Transport, 2014b) and currently receives four to five million visitors each year, with 85% of
visitors coming from within a 10 km radius of the Harbour. Peak numbers of visitors are
experienced during weekends in the Austral summer (December to February) and on special
event days. Demographic data collected as part of a larger overall project (of which this paper
is a sub set) indicates that 96% of respondents to a visitor survey had visited the Harbour
previously, with 41% of these within the last week and a further 25% within the last month.
Data suggests high repeat visitor occurrence for the Harbour. This high repeat visitor
incidence contributes to Hillary’s success and it’s award winning status of the ‘Best Public
Boat Harbour’(Marina Industries Association, 2014). However, to maintain any recreational
infrastructure the size of Hillary’s requires sound management and marketing information for
informed decisions on future growth and coastal development.

To understand and replicate the success of the Hillarys Boat Harbour a research
project was initiated to ascertain and understand the economic and social impact of Hillarys
Boat Harbour on the community it serves. As part of the social impact aspect, the aim was to
identify the role that the harbour facility plays in the lives of those who use it and principally,
the value that they place on it. This was to understand the repeat visitor ‘pull’ of Hillary’s.
Previous research at Hillarys has focused on infrastructure and facility requirements with little
focus on the satisfaction or the value residents and visitors place on the Harbour. It was
believed that the interplay between the retail and recreational facilities provided unique
experiences but this had not previously been investigated. This article outlines the
methodology used and results obtained to the question – *What does Hillarys mean to the people who use it?*

The research methodology is outlined in the following section, followed by the resultant themes and a discussion relating findings with the literature. Final conclusions and recommendations complete the paper.

### 2.0 Data collection - The Photographic Competition

In order to capture the meaning of Hillarys to the broader community, a photographic competition, entitled “*Picture This*” was run over a three week period during September and October. Through advertisements in local community newspapers, the state-based newspaper (*The West Australian*), a metropolitan wide free entertainment newspaper (*X-press Magazine*) and online through the Hillarys Boat Harbour website (http://hillarysboatharbour.com.au/), members of the public were invited to submit a photograph of Hillarys along with a caption of 25 words or less describing “*What Hillarys means to me*”.

The photo-elicitation technique was used as it is an effective tool for investigating people-place related constructs as often the elements participants are asked to photograph are things they may have been inclined to photograph anyway (Beckley, Stedman, Wallace & Ambard 2007). Such methods are more sensitive to the intricate distinctions in meanings ascribed to places more so than simply asking someone “why are you attached to this place?” may not reveal the extent of the experiences and information that went into forming their attachment (Beckley, et al., 2007). The technique was considered ideal for this context and research question. For the participant, the research task of taking photographs is an enjoyable and familiar activity (Stedman et al. 2004) and, being task-orientated, participants engage deeper into research about their own experiences (Dennis et al. 2009). This can increase their initial willingness to participate and their subsequent engagement with the research process (Garrod 2008; Stedman et al. 2004), in this case writing a caption to the photograph and entering the competition. Additionally, the photographs and captions would allow for a more nuanced understanding of the emotional and value-laden responses from the community, as the accompanying captions allowed respondents to express some of the emotional aspects that may not have necessarily captured in the photographs. Asking an individual to provide their own photographs is a more inductive research method with photographs acting as the form of communication between the researcher and the participant (Clark-Ibáñez, 2004). Visual approaches are gaining traction in a number of research fields, including tourism and outdoor recreation contexts (Amsden, Stedman, & Kruger, 2011; Tonge, Moore, Ryan, & Beckley, 2013). As this was the first phase of a larger project the limitations of voluntary participation and relatively small sample size were not considered to impact the outcomes. The photographs received were initially divided (after discussion among the researchers) into three broad categories – Outdoor Leisure and Landscapes; Retail and Entertainment; and Family and Friends. Photographs were further analysed and coded as to whether they contained natural or man-made elements. The text and the photographs were then analysed together to identify the meanings and values the participants’ were trying to convey, particularly in relation to emotional aspects that may not be necessarily apparent by purely coding the photographs only (Beckley, Stedman, Wallace, & Ambard, 2007; Tonge, et al., 2013).
3.0 Results and Discussion

A total of 119 photographs were initially received, removing duplicates and incomplete entries provided a sample of 113 photographs and accompanying captions. Just over half of the participants were female (56%) with a quarter of entrants from the 45-55 age group, a further 18 per cent were under 17 years of age, with 17 per cent in both the 18-25 and 26-35 age groups, with a further 15 per cent in the 36-45 group. The over 65 age group contributed 2.5 per cent of the sample. As expected, participants came predominantly from the surrounding suburbs of Hillarys (90%) with the remainder from suburbs south of the Perth metropolitan area and one respondent from the United Kingdom.

Of the three initial photographic categories (as noted above), the majority related to Outdoor Leisure and Landscape (61% of all photographs, with retail and entertainment 16%, and family and friends contributing 23%). Not surprisingly, given that Hillarys is a boat harbour, 81% of the photographs contained water, as well as skies (71%) and boats (62%). A further breakdown of the photos into natural and man-made elements contributed a further group of buildings (retail and food properties) 54% and people (friends/family) 49%.

The photographs and quotes were examined by three researchers (two of the authors of this paper). The photographs and quotes below have been selected to illustrate the values that the participants’ placed on the Hillarys Boat Harbour. These include the importance of facilities, the importance of water, social bonding with family and friends, and Hillarys being a relaxing social experience and a place for ‘everybody’ to be happy.

3.1 Importance of facilities

The mix of recreational, retail and food and beverage facilities at Hillarys was clearly highlighted by the respondents. Some respondents commented on the ability to be able to shop at night, while others mentioned the range of retail opportunities available at Hillarys. Respondents also mentioned the food and drink opportunities that were available at Hillarys Boat Harbour. This included high quality restaurants, and the ability to catch up with friends and family over coffee or a meal.

A jewel in the crown. Awarded best restaurant in Australia for 2010 and right here to be enjoyed by all on our beautiful West Coast. Hillarys is a great place to be, swimming, fashion, fun by the sea. Tasty treats, enjoyable food making you happy and in a good mood. A great atmosphere to eat and drink with friends.

3.2 Importance of water

From the pictures and captions, it clearly showed that individuals used Hillarys Boat Harbour to achieve some of their water recreational goals like boating, kayaking, yachting, fishing, swimming, and snorkelling. Respondents discussed aspects such as it being a good place for a peaceful swim or being the number 1 boat ramp ticket holder.

I love Hillarys because it is such a laid back place where you can go for a peaceful swim and have a coffee and some lunch, it is also very family friendly. It reminds me of the magnificent and diverse facility that is Hillarys Boat Harbour. Was issued the No. 1 boat ramp ticket, still launching regularly. This image, to me, means that the boat harbour is built on the most powerful thing in our world but also the most beautiful.
The last caption also highlights the respondent’s healthy respect for the water. While being providing a beautiful view, the respondent is also aware of the storms that often form and roll in over the ocean. The pull of natural environments, including water-based environments, is well known (Tonge, et al., 2013; Volker & Kistemann, 2013; Wynveen, Kyle, & Sutton, 2010). A recent study in Germany showed that people experiencing the promenades of Cologne and Dusseldorf attached importance to water related elements and discussed how they enjoyed spending many hours sitting beside the Rhine River watching the movement of the water, waves and changing colours (Volker & Kistemann, 2013). Similar sentiments are expressed in this study with a number of captions containing words and phrases pertaining to the colours of the ocean and the water. The colour and clarity of the water was also expressed by participants in the study by Wynveen et al. (2010), with these authors commenting that water is often not described as such when encountered in terrestrial environments. Again, akin to this study, participants in Volker and Kistemann’s (2013) study discussed the ability to relax and enjoy themselves in the water-based environment and it feeling like a reward and a contrast to their everyday stresses.

3.3 Social bonding with family and friends

The most popular theme highlighted in the captions was around time spent with family and friends. This included the nuclear family (parents and siblings), extended family (grandparents, cousins) and friends. A number of respondents commented on creating and reminiscing about family memories while others discussed the opportunity to pass on skills and knowledge to the younger generations.

The Harbour is where the majority of my childhood memories are from and I intend on sharing this with the youth around me today. For me, Hillarys has so many happy family memories attached to it. This photo reminds me of Summer days spent being healthy and active. Hillarys Boat Harbour lets families spend quality time with their kids as they learn the value of life.....

Social engagement is one of the many sources of positive influence through leisure with social interaction also having a powerful effect on one’s level of happiness as well as an indirect impact by contributing to one’s sense of meaning in life (Bailey & Fernando, 2012). Additionally, an individual’s social network can have a positive influence. Recreation in special places provide an opportunity for the older generation to pass down significant experiences, social histories, meanings and values associated with nature to the younger generations (Wynveen, et al., 2010).

3.4 Relaxing and enjoyable experience for all - everybody’s happy

A number of positive emotions were expressed in the captions to the respondents’ photographs including tranquillity, calmness, serenity and peaceful feelings. Many describe Hillarys as a great place to relax and unwind or providing the opportunity to reflect. This timeless sunset photograph of ‘Bella Fontes’ in Hillarys, captures a nice peaceful feeling within a person. Hard day, it’s always nice to unwind in Hillarys. While there is hustle and bustle if you choose it, there is also calmness and serenity if you want it. Sitting at the water’s edge at the end of a long day, remembering the past, basking in the present and imagining the future. Fantastic.

Wynveen et al. (2010) draw attention to the fact that people prefer places that allow self-reflection and restoration from stress and mental fatigue. Many individuals found the outdoors to be a place to find stillness, calm and peace (Loeffler, 2004). Again, enjoying
recreational activities in the outdoors, can also cause significant decreases in negative feelings and increase an individual’s positive mood by allowing them to forget everyday worries and escaping everyday routines (Korpela, Borodulin, Neuvonen, Paronen, & Tryvainen, 2014). Also apparent from a number of responses was that the recreation, retail, and food and beverage opportunities, together with the ability to spend time with family and friends meant that all members of a group could enjoy themselves and have fun. *Hillarys is the one place to be! It is a safe and beautiful place where everyone in the family can have fun. This is a place that creates long lasting memories.*

This echoes similar sentiments to what was identified by Tonge, Moore, Ryan and Beckley (2013) in their study of why repeat visitors valued the Ningaloo coast in north-western Australia. The authors coined the term “everybody’s happy” to describe the sentiment expressed by some of the Ningaloo respondents pertaining to individuals being happy knowing that other members of their group (be it family or friends) are enjoying themselves as well. While predominantly emotion based in terms of positive emotions expressed by a person knowing that they and others can participate in recreational, leisure or other personal goals concurrently with others, as well as a social aspect of spending time together with significant others (Tonge, et al., 2013).

### 4.0 Implications of research

The sustainability of Marina’s has been highlighted as a concern for coastal management (Hogan & De Marco, 2011). This paper highlights the value attributed to Hillarys from respondents entering a photographic competition depicting their view of Hillarys. Understandably the self-selected sample has potential positive bias, nonetheless, the aim to uncover the social values, meanings and language to further communicate with repeat visitors was achieved with this novel approach. A significant finding is the all-encompassing nature of the venue ‘something for everyone’ ‘safe and beautiful’ water sports, food, activities and leisure facilities and shopping that fits the context of the location leisure recreational shopping – ‘where everyone in the family can have fun’ . Marina’s that provide the opportunity to not only do the traditional boating activities but incorporate other leisure facilities will potentially draw repeat patronage and higher yield visitors, spending more time and money at the marina. This aspect was further teased out in a larger survey of visitors at Hillary’s subsequent to this first phase of research (Cripps, 2013). This research found that Hillarys was more than a just a facility but a local to create memories and social experiences shaping it to be a unique place and brand.

### References


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MARKET RESEARCH ABSTRACTS
Problems with Agent-Based Models of Diffusion Effects

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Abstract

We argue that agent-based modelling of the diffusion of innovation, as currently practiced, suffers from two deficiencies. First, the assumptions are often unverified and, second, these assumptions may be insufficient. We give examples of model deficiencies, evidence on assumptions now available, and list influence mechanisms that must be studied if this type of modelling is to advance.

Keywords: Agent-based modelling, word of mouth, WOM, diffusion, social networks, judgment

Track: Market Research
Enhancing Respondent Attention in Online Panels

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Abstract

Online panels, such as M-Turk, SmartSurvey, SurveyMonkey and QualTrics, are commonly used amongst academics and practitioners. Even though many results are obtained using these panels, accuracy is questionable. Respondents may not report their opinions, but skip through the survey without dedica- ting sufficient attention to the question content. Such a strategy often results in straight-lining: Repeatedly selecting the same answer category. In our experiment, we included a quality check to detect and reduce such attention problems. We find that approximately 1/3 of the respondents fail to follow a quality check instruction, if no measures are taken. We present tools that reduce this failure rate to 1/5.

Keywords: Instructional Manipulation Tests, Online Panels, Satisficing, mid-point responding

Track: Market Research
Customer Participation in New Product Development: Exploring the Role of Environmental Dynamism

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Abstract

This study examines the effect of customer participation in new product development (NPD) on product success. Survey responses collected from 128 matching, multiple-firm sources show that customer participation, through both online and offline channels, has a positive effect on new product success. Results also reveal that environmental dynamism moderates this relationship because it influences managers’ ability to cognitively process gathered information. This ability to cognitively process gathered information, in turn, impacts customer participation’s effect on product success, raising the question of whether this market research technique in itself contributes to product outcomes. Results highlight the importance of carefully orchestrating consumer involvement in the NPD process.

Keywords: Customer Participation, New Product Development, Market Research, Survey Study

Track: Market Research
Aetiology of the Construct

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Abstract

Constructs are endemic in modern marketing research. The examination of construct-to-construct relationships is a dominant approach in much research. This paper questions if construct-to-construct relationships should form a dominant basis for marketing knowledge. The paper examines the historic and philosophical origins of the construct to establish what a construct is, and what its intended role in research is. A construct is a hypothetical entity that is not itself directly observable, but summarises a group of observable phenomena. As Nunnally and Bernstein (1994) put it, a construct is a “useful fiction”. There is currently a growing element of disquiet amongst some marketing scholars, that marketing research has become dominated by research that tests construct-to-construct relations, devoid of the relationship of those constructs to direct observations of market or consumer behaviour. The paper argues for the inclusion of objective measures of behaviour, alongside construct-to-construct relationships, in research models.

Keywords: epistemology, construct

Track: Marketing Research
Changing market and social research client-supplier exchange

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Abstract

Market research practice is changing, with client expectations changing. In the past practitioners recognise value derived from a package of a valid sample, data collection, analysis and summarising process. More recently the focus moved to framing the problem, and collecting and analysing the data for meaningful strategic, tactical and insightful outcomes (Bakken, 2012). This paper investigates where and how clients and suppliers derive value for a market or social research project. A literature review and depth interviews with clients (4) and suppliers (4) were conducted. The findings suggest value is not a quantitative measure but a collective from many moments during the life of a project. Further, the intensity and weighting of those moments vary depending on the relationship, expertise, trust, outcome, process and stage of project. More significant was the finding suggesting some stages of the project are hygiene factors.

Keywords: value, market and social research, research project

Track: Market research
RETAILING AND SALES
FULL PAPERS
Validating Bluetooth Logging as Metric for Shopper Behaviour Studies

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Abstract
The ability to track shoppers as they move through retail environments using signals emitted by their communication devices kindles interest of practitioners and researchers. However, this non-probabilistic sampling method can possibility under- or over-represent certain groups of the population. This study assesses representativeness of the data describing shopping trips from Bluetooth auto-logging. Researchers track unique Bluetooth logs in-store and compare to the data collected manually from a systematic sample of 324 shoppers observed and interviewed in a supermarket. The results indicate automated Bluetooth tracking produces very similar trip lengths to that observed manually. Basket size, expenditures and occupation of Bluetooth trackable shoppers are similar to those with no Bluetooth enabled devices. These findings present evidence that Bluetooth auto-logging method carries potential for retail practice and research. An expected under-representation of the oldest demographic group in Bluetooth sample calls for complementary methods of data collection to minimise representation bias.

Keywords: Bluetooth tracking; shopper behaviour; sampling; retailing
Track: Retailing and Sales

Introduction
Understanding shopper behaviour metrics, such as shopping trip length, number of items purchased, or shoppers’ navigation patterns is of great interest to the retail industry. A range of methods have been employed to obtain those insights: first there were surveys, then researcher observation/shadowing and video surveillance (Sorensen 2009, Millonig and Gartner 2008). More recently radio frequency identification (RFID) or global positioning system (GPS) tags (Utsch and Liebig 2012, Hui et al. 2009) fitted individual shoppers or shopping aids (carts, baskets). The increasing pervasiveness of smartphone ownership has given researchers the opportunity to track an individual’s movements (Abedi et al. 2013, Versichele et al. 2012, Utsch and Liebig 2012, Stange et al. 2011) and for store owners to track the wireless local area network (WLAN) and Bluetooth signals of their customers. In 2012, 76% of the Australian population owned a smartphone, and 40% of respondents who did not own a smartphone planned to purchase one in the next 12 months (Mackay 2012). These new technologies use real-time logging and are more effective measures compared to traditional observational methods, because they do not rely on shopper participation, associated observation bias, or shopper memory. Yet, there are very limited studies that have examined and validated the representativeness of the samples derived from auto-logging technologies.

A Bluetooth enabled and discoverable device is an electronic device that has Bluetooth turned on and is actively sending or receiving wireless information. Bluetooth is a technology that enables digital devices to connect to each other wirelessly. It is designed for low power consumption and it is based on low-cost transceiver microchips (Abedi et al. 2013). Each discoverable Bluetooth device transmits a unique identifier, known as media access control (MAC), and can connect and communicate with other discoverable Bluetooth devices within a radius of 1m to 100m; which varies according to the power rating of the Bluetooth equipment in the devices (Haghani et al. 2010). Setting up a Bluetooth detector is fairly
simple. Retailers can easily purchase a Bluetooth detecting device (beacon) available in the market to track Bluetooth activities indoors. Every time a Bluetooth device passes the detected radius of the sensor, its MAC, Bluetooth device name, and the timestamp of the detection will be recorded (Versichele et al. 2012). These sensors can generate pedestrian counts and time stamps for entry and exit. Traffic counts generated during different times or days, at different areas of a shopping mall can provide insights for shopper behaviour that retailers could not get from their sales or transaction logs. While there has been much discussion of Bluetooth technology as a metric for monitoring pedestrian mobility (Versichele et al. 2012, Haghani et al. 2010, Millong et al. 2009, Kostakos and O’Neill 2008) there has been relatively limited attention paid to the representativeness of the samples obtained using such technology.

This study aims to explore the degree to which the samples obtained using automated Bluetooth tracking in shopper research represents the true shopper population. The current study addresses the following research questions:

- RQ1: What proportion of supermarket shoppers carry a Bluetooth enabled device?
- RQ2: How representative is the sample obtained using Bluetooth detection of supermarket shoppers in terms of shopper behaviours (trip length, basket size and expenditure)?
- RQ3: How representative is the sample obtained using Bluetooth detection of supermarket shoppers in terms of demographic characteristics?

**Literature Review**

Bluetooth tracking is a versatile method, which has successfully been used to measure visit duration in a variety of settings. Over the past decade, researchers and practitioners have used Bluetooth technology in multiple applications to estimate human and vehicle traffic patterns. Researchers have matched MAC addresses of passing vehicles between successive points to provide a measurement of traveling time information for effective management of traffic conditions (Haghani et al. 2010). Versichele et al. (2012) and Stange et al. (2012) used Bluetooth to study pedestrian flow at outdoor public events and major festivals, such as the Formula 1 event and the Ghent Festival, which demonstrated the advantages of using Bluetooth to track mass event visitors and outlined its deficiencies. A joint Bluetooth/Wi-Fi scanning framework was introduced to access the popularity of locations within a university campus and the average time spent ‘on-campus’ (Vu et al. 2010). Millonig and Gartner (2008) and Sorensen (2009) have used novel technologies, including Bluetooth, to study patterns of shopper movement through a store, which has enabled the confirmation of assumptions (such as basic navigation patterns and time spent in store) made by practitioners and researchers.

Many authors acknowledge the fact that Bluetooth tracking methods produce limited and potentially biased samples (Versichele et al. 2012, Kostakos and O’Neill 2008, Rice and Katz 2003), which raises concerns over the validity of such methods (Utsch and Liebig 2012, Stange et al. 2011). This is because the tracking procedure and conditions are highly selective. To be tracked, a person must: (1) carry a Bluetooth enabled device; (2) Bluetooth on the device must be turned on (enabled); and (3) the device must be sending or retrieving wireless information to be detected. A person’s device must satisfy all of the above criteria when passing within the radius of a sensor in order to be detected (Versichele et al. 2012). This selection bias imposes key limitations on the representativeness of the sample, as certain segments of the population may be over or under-represented (Rice and Katz 2003). Many studies have revealed Bluetooth detection rate is low, as between five to seven per cent of observed individuals are estimated to have a Bluetooth enabled and discoverable device (Millong et al. 2009, Kostakos and O’Neill 2008).
Method
This study was conducted in a typical suburban supermarket in a metropolitan city in Australia. The supermarket had a typical layout (approximately 1,270 square metres) and was a part of a major retail chain. Researchers used three data collection methods to address the research questions.

The first method included mall-intercept interviews (n=324) to determine the proportion of shopper population carrying a Bluetooth enabled device (RQ1) and shopper demographic characteristics (RQ3). At the entrance to the supermarket, every fifth shopper (as per the systematic sampling (Zikmund et al. 2007)) was approached and invited to accept a sticker with an entry time stamp. The acceptance rate from this data collection was 78%. Shoppers were then required to return the sticker after they completed their shopping trip and participate in a ten-minute interview. The compliance rate at the end of the shopping trip (number of interviews over the number of stickers accepted) was 74%. The refusal rate for accepting stickers varied slightly across genders, as male shoppers were 7% more likely to refuse stickers at the entrance compared to female shoppers. This led to fewer male shoppers in the sample compared to the general population (27% in the sample, compared to 47% in the population residing in the neighbourhood surrounding the supermarket (ABS 2011). However, gender distribution in the sample matched the shopper population in Australia supermarkets, with 28% are male shoppers (Bailey 2013), which suggested that the shopper population is generally skewed more so towards females. The sample recorded a slightly higher proportion of older shoppers (61% aged over 46), which was not unexpected in this study, as the study was conducted in a region with an older demographic (49% of the population in the neighbourhood was approximately over 45y.o (ABS2011)). This may have also occurred due to higher refusal rates among younger and middle aged groups, where it was recorded that 60% of refusal shoppers were aged under 45 (refused shoppers’ age were determined by researcher’s observation). During the exit interview, shoppers were asked to check their phone to determine whether or not their Bluetooth was enabled (the interviewers often assisted the shoppers in this task). Other questions in the interview included demographic characteristics and phone status (with/without phone). Respondents were offered a small incentive at the end of the interview to thank them for their participation.

The second method determined representativeness of the tracked sample in terms of key shopper behaviour metrics (RQ2). Shopper receipts were requested from the interviewees (n=167) as they recorded the checkout time (used with entrance sticker to calculate time spent in-store), total dollars spent, and the number of SKUs bought (i.e. basket size). Because some shoppers did not take their receipt at the checkout, researchers compared shoppers with and without their receipts, but there was no differences in key demographic variables. The third method used the automated Bluetooth logging (n=141 unique trips with matched entry and exit logs) to compare with manually recorded data from the interviews to determine the correlation between the trip length data using Bluetooth with the data collected manually (RQ2). With the permission from the supermarket’s management, a laptop with a Bluetooth scanning software was placed at the entrance/exit area during three consecutive days (Thursday to Saturday) in February 2014. Unique MAC addresses, time stamps and device names were recorded. These details did not provide any information that could identify a particular shopper, so there was no breach of shopper privacy. The Bluetooth data was recorded, reviewed and cleaned. From this, 66% of all Bluetooth logs were deemed useable for this study (logs representing shopping trips above 120 minutes and below two minutes were excluded to reflect the real shopper behaviour, and logs that tracked staff members who
spent a lot longer in the store or accidental “noise” were excluded). The benchmarks for exclusion were validated by researchers in this study (i.e. it takes a minimum of two minutes to buy at least one item), and by Sorensen (2009).

**Findings**

Addressing RQ1, 74% of shoppers were carrying phones at the time of interview; those who did not have a phone on them claimed they have left it in the car, at home or did not own a phone. Among those who had phones, 76% access the Internet through their phone and 66% of them have smartphones, which are defined as a phone capable of running applications from an online app store. A total of 34% of shoppers had Bluetooth enabled phones. This finding was consistent with observations by Abedi, et. al (2013).

Addressing RQ2, researchers compared **shopping lengths** with (1) auto-tracked data from Bluetooth scanner set-up in-store with (2) time spent in-store recorded from the time entry sticker and shopper receipts. 

![Figure 1. Distributions of shopping trips from Bluetooth against manually collected data from the interviews](image)

The correlation between the Bluetooth data and the manually collected shopping trip data was very high, making it positively and statistically significant ($r (17) = 0.92, p < .001$). This finding suggests Bluetooth auto-logging is a reliable method for collecting shopping trip length information. The median and mean values for both methods were comparable (16 minutes and 20 minutes for both methods respectively). Looking at the distribution of the trip length data collected from both methods (Figure 1), the data revealed similar patterns – a negatively skewed distribution, indicating a prevalence of quick trips over longer ones. Overall, 76% of both samples spent under 30 minutes in-store. This pattern is consistent with those documented by Sorensen (2009) and Anderson et. al. (2012). The ANOVA analysis found no significant differences in shopping trips between groups of shoppers with Bluetooth enabled devices versus the remainder of shoppers (Table 1, first two rows, $p_{trip\:length} = .81$).

Addressing other metrics in RQ2, researchers assessed **basket size and expenditure** between those carrying a Bluetooth enabled device and those who did not. This data was retrieved from shopper receipts. The distribution of the three variables differed, as suggested in the literature (Bogomolova et al. 2013). Yet, because the measures of central tendencies in these distribution have direct relationship with the mean, it was deemed appropriate to use the analysis of variance to compare the groups.

| Table 1. Descriptive statistics and ANOVA results for shopper behaviour |
|-----------------------------|---------------------|---------------------|--------|--------|--------|
| **Shopping trip lengths**   | **n**               | **Median (IQR)**    | **Mean (SD)** | **F (p)** |
| Bluetooth on                | 65                  | 20 (20)             | 24 (16)      |         |
Basket size
Bluetooth on | 67 | 17 (20) | 23 (18) | .06 (.81)
Everyone else | 100 | 13 (21) | 18 (16) | 2.6 (.11)

Dollars spent ($)
Bluetooth on | 70 | 65 (77) | 85 (68) | .25 (.12)
Everyone else | 89 | 61 (76) | 69 (61) | 2.6 (.11)

None of analyses showed statistically significant differences between the groups
* Variation in sample size is due to missing data in some questions.
The study discovered that basket size and expenditure showed no statistically significant differences between shoppers with and without Bluetooth devices (Table 1, $p_{basket} = .11$ and $p_{spent} = .12$).

Addressing RQ3, distribution of age, employment status, and highest education level are compared across the shopper groups based on their phone status, i.e. Bluetooth enabled vs. everyone else. The reasons for this grouping is to provide practical assessment for how representative Bluetooth auto-logging sample is, against those individuals who were not using such technology, but still shop in the same store.

Table 2. Age distribution of shoppers carrying Bluetooth enabled devices vs non-Bluetooth enabled devices

<table>
<thead>
<tr>
<th>Groups</th>
<th>18 to 25</th>
<th>26 to 35</th>
<th>36 to 45</th>
<th>56 to 65</th>
<th>66+</th>
<th>Total</th>
<th>$\chi^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bluetooth enabled</td>
<td>8</td>
<td>15</td>
<td>21</td>
<td>1</td>
<td>4</td>
<td>100</td>
<td>16.59*</td>
</tr>
<tr>
<td>Everyone else</td>
<td>10</td>
<td>9</td>
<td>18</td>
<td>19</td>
<td>25</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Note. *$p < .01$

Shoppers aged above 66 are under-represented in the Bluetooth sample.
Shoppers with Bluetooth enabled devices had significantly different age distribution compared to the remainder of shoppers ($\chi^2 (5, N = 327) = 16.59$, $p=.005$). Bluetooth enabled devices were prevalent across all age groups except the older demographic, i.e. above 66 years of age (Table 3). Therefore, this group was under-represented in the Bluetooth sample.

Shopper employment status distribution was not statistically different between shoppers with Bluetooth enabled devices and the remainder of shoppers ($p=.37$).

Table 3. Highest education distribution of shoppers carrying Bluetooth enabled devices vs non-Bluetooth enabled devices

<table>
<thead>
<tr>
<th>Groups</th>
<th>Secondary school</th>
<th>Tertiary education</th>
<th>Postgraduate</th>
<th>Total</th>
<th>$\chi^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bluetooth enabled</td>
<td>31</td>
<td>30</td>
<td>39</td>
<td>100</td>
<td>9.92*</td>
</tr>
<tr>
<td>Everyone else</td>
<td>24</td>
<td>50</td>
<td>26</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Note. *$p < .01$

Shopper groups with tertiary education level are most under-represented.
Shoppers with Bluetooth enabled devices have significantly different education qualification distribution than the remainder of shoppers ($p=.007$). Hence, Bluetooth is likely to obtain a sample skew towards shoppers with postgraduate education, as from the data collection this was the highest qualification (Table 3). However, this occurrence is not an age factor (Table
2), as a chi-square test showed the proportion of shoppers’ education level did not differ by age group ($\chi^2=10.80, p=.20$).

**Discussion and Conclusions**

Using technological advancements to track shopper behaviour is the current trend in the retail industry. Understanding the accuracy and validity of such methods is an important research agenda. This study has established that the supermarket shopping trip length data obtained using Bluetooth auto-logging, provides very similar results to those collected through systematic manual observations. This suggests that Bluetooth technology is a valid tool for measuring the length of shopping trips and other time-dependent measures of shopper movement and traffic. The advantages of using Bluetooth technology is that it is of low cost, there is the potential to collect large amounts of data across longer time periods and the non-invasive and unidentified nature of the data, which does not rely on shopper cooperation or memory, but still protects shopper identity.

This study also showed that Bluetooth is capable of capturing and reflecting the behaviour of shoppers with minimal bias: basket size and expenditure. Employment status did not differ significantly between the groups who were carrying Bluetooth enable devices (about 34% of the shopper population) and who did not. The one group that was under-represented in the Bluetooth sample were those aged over 66. It was discovered that 36% of shoppers without a phone were aged over 66. Hence, almost half of the shoppers in this age group did not carry a phone, and they were also the largest age group to not own smartphones. This is consistent with a report where seniors aged above 65 are the lowest age group to have a smartphone or mobile phone (Australian Communications and Media Authority 2012). This phenomena is due to the various barriers in technology acceptance and adoption by older adults (Renaud and Van Biljon 2008). Thus, elderly shoppers are most likely to be excluded from Bluetooth tracking samples.

This bias suggests the need for complementary methods into capturing shopper behaviour of older shoppers. Alternatives can include top-up sampling using manual interviewing, RFID tagged trolleys and baskets, or video recording. On the other hand, Bluetooth tracking is likely to be more representative, when its target population is younger or more tech-savvy (such as tracking in electronic retailers like an Apple store or JB Hi-Fi, or fashion retailers like Forever 21 or H&M). From the methodological and research perspective, this study showed the potential of low cost Bluetooth data collection for producing rigorous shopper data. The research also demonstrated a method for cross-referencing the data from Bluetooth scanners with manual observations to establish its validity and representativeness.

**Limitations and Future Research**

This study focused on the auto-logging data collection using signals from Bluetooth enabled devices, which covers 34% of the shopper population. Another form of technology, Wi-Fi, covers our estimations by almost twice as many as 65% of shoppers. This finding is consistent with observations by Abedi, et. al (2013) where Wi-Fi was much more popular than Bluetooth. The data also shows that shoppers with Bluetooth turned on were also more likely to have their Wi-Fi turned on (84% with Bluetooth turned on had Wi-Fi turned on, whereas only 53% of shoppers with Wi-Fi turned on had Bluetooth on). This prevalence of Wi-Fi technology suggests an alternative to Bluetooth data collection. Furthermore, in our study 38% of respondents said they would use a free public Wi-Fi hotspot potentially boosting the Wi-Fi tracking coverage. Therefore, setting up an in-store public hotspot has potential to expand the “trackable” shopper population, thus reducing error margin, and potential bias in the sample.
Combined with the growing availability and public acceptance of Wi-Fi hotspots, Wi-Fi appears to be a viable alternative for researchers and retailers studying shopper traffic. For the reasons above, we recommend future research to focus on Wi-Fi tracking with the integration of other in-store observational methods for a more reliable measure. Validation of the Wi-Fi tracking in terms of trip length against Bluetooth and manual observations is also needed before Wi-Fi can be recommended as the superior method for tracking trip length over Bluetooth.

Additionally, technology acceptance should be investigated more thoroughly to further understand user profiles and the technology usage, across different shopper demographics and behaviour. It will also be useful to investigate if younger population are more likely to accept and use technology, but are unlikely to be detected because they are more tech-savvy and know how to make their devices invisible. From the results, the age distribution of the overall sample was skewed towards older shoppers because this study was conducted in a suburb with an older population. Therefore, future research is needed in other supermarkets in different metropolitan areas to deliver a more generalised profile of Bluetooth shopper-users.

Future challenges include the public becoming uneasy and more concerned with their privacy. This then creates implications for companies that are tracking shoppers, as it is a prerequisite for companies to notify shoppers that they are being tracked and that companies need to give shoppers the option to opt-out. This implication may potentially result in self-selection bias, which in turn effects the data collection and results. Recently, one of the world’s leading phone manufacturers announced a new security feature for its latest operating system update (iOS 8 for iPhones). This new operating system gives iOS 8 devices the ability to identify themselves with random MAC addressees instead of a unique stable ID (Apple Inc. 2014). Variable MAC address for Bluetooth and Wi-Fi will present a challenge for tracking. It is recommended that several complementary methods should be used to minimise representation bias in shopper samples.

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Investigating Communication and Access Strategies within B2B Sales

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Abstract
The aim of this working paper was to explore business-to-business (B2B) buyers’ preferences when initially communicating with salespeople. The paper focuses on salespeople’s current access strategies to initiate the sales cycle within the B2B environment. Twelve in-depth interviews were conducted with industrial buyers from the UK representing a variety of sectors. It was found that buyers were using a range of different media when contacting and being contacted by salespeople; however, newer media (social media) has not become as commonplace as previous research claimed. This may be due to industry specific factors that need to be considered by salespeople. Furthermore, buyers are now able to use online technologies for information and supplier search that is game changing in terms of what is expected from a salesperson. Salespeople today need to understand how they can effectively communicate value when gaining access to B2B buyers.

Keywords: B2B Sales, Communication Access Strategies
Track: Retailing and Sales

Introduction
The aim of this research was to explore business-to-business (B2B) buyers’ preferences when being initially approached by and communicating with a salesperson. The value of this paper lies within the fact that it provides research into salespeople’s current access strategies and integrates current studies concerning digital communication. The following research objective was established:

To understand the current access strategies being utilised by salespeople in terms of prospecting, lead generation and initial contact with potential B2B buyers.

Literature Review
The B2B environment is vastly different from the business-to-consumer market, with the main distinctions revolving around the market structure and demand mechanisms, the buying unit structure (Åge, 2011), the decision-making process (Reed et al, 2004) and the relationship developed between the buyer and salesperson (Borg and Freytag, 2012). The following new trends were proposed by B2B managers in a recent exploratory paper by Wiersema (2013):

- new technology; both in terms of allowing buyers a greater number of sources of information and also sales organisations efforts of technologically aided marketing approaches
- shifts in demographics of target markets
- new models of buying behaviour from organisations.

These shifts in marketplace dynamics have led the buyer-seller relationship to adapt to these market changes and require new communication and access strategies by salespeople.
B2B communication media that allow salespeople to communicate with prospects or existing customers include telephone, email, intranets, extranets, internet, face-to-face (Cano et al., 2005), trade shows (Pitta et al., 2006) and, a more recent development, social media (Agnihotri et al., 2012). In order to be effective the chosen media must be aligned with the industry standards and norms (Dixon and Tanner, 2012) and its place within an ongoing conversation between the salesperson and buyer (Bean et al., 2003).

Vickery et al., (2004) suggested that utilising the correct communication channels and media has much greater implications in B2B markets than consumer markets when sending messages to buyers. This is supported by Cano et al.,’s (2005) findings, which determined the richness of the information and the message that needs to be communicated will most likely define the media used. During the salesperson’s first interaction with a buyer it is imperative that the correct media is utilised – if the message is not sent via the correct media then it may be interrupted, misinterpreted or ignored as many buyers suffer fatigue from message overload across media channels (Cano et al., 2005).

A recent development is the popularity of social media which has become a powerful force. Within the B2B markets social media has been receiving new research attention (Andzulis et al., 2012). Social media is described as any internet-based digital content that allows network-based interactions between individuals or organisations, therefore facilitating information exchange (Agnihotri et al., 2012). Wiersema (2013) proposes that although social media has become increasingly important in many aspects of culture and business, the full extent of social media has yet to be fully understood by either industry experts or academics.

Schultz et al., (2012) found that using social media increased a salesperson’s performance which led to the salesperson being more customer focused. This is supported by Rodriguez et al., (2012) who argued social media usage increased an organisation’s ability to create opportunities and manage relations for the sales department. However, in contrast to Schultz et al’s (2012) research, social media failed to show that this led to stronger performance by salespeople. Schultz et al., (2012) and Rodriguez et al., (2012) suggest that industry standards and salespeople’s personal attributes (i.e. age) were dominant factors in whether social media would be used effectively by salespeople.

Buyers today are more adept at discovering and understanding needs and identifying potential solutions to these needs (Adamson et al., 2012). The rise of the internet has led to an exponential amount of information being readily available and exchanged (Avlonitis and Karayanni, 2000), leading to a more visible marketplace, removing barriers including geographical locations and costs. Before this explosion of digital information, salespeople were a buyer’s information source with other potential sources including colleagues, technical literature and advertising (Deeter-Schmelz and Kennedy, 2004).

There is evidence however that the internet is not appropriate for the exchange or review of rich information, which is highly complex and not easy to understand (Cano et al., 2005). This has led to buyers using the internet mostly for the searching and identification of qualified suppliers (Cano et al., 2005; Lord and Collins, 2002) and relevant information concerning products and services (Eid et al., 2002). This process has been referred to as “e-screening” of potential suppliers (Lord and Collins, 2002). Once they have identified potential suppliers, the buyer can then continue the communication process using a richer media (Cano et al., 2005) that is suitable to the buyer’s needs.
Methodology
Twelve in-depth interviews were conducted with industrial buyers from the UK representing a variety of sectors (finance, consultancy, heavy manufacturing, engineering). The interviews lasted approximately fifty-five minutes, and were conducted in early 2014. Data collection, analysis and interpretation of the data were completed solely by the authors of this paper. A set of structured questions to elicit buyers’ responses describing their buying strategies were the cornerstone of the research. Interviews with the buyers were aimed to learn about their selling environment and to understand what initial communication strategies by the salesperson were most effective. The interviews were transcribed verbatim and analyzed using the qualitative software package Nvivo8 as a data management tool. Interviews were adopted as an appropriate research design for the study which focused on understanding the dynamics present within a single setting (Eisenhardt, 1989). The main benefits of structured interviews is that researchers can move far beyond ‘snapshots’ of ‘what’ or ‘how many’ to probing questions relating to ‘how’ and ‘why’ type of questions and thus explore links between phenomena in real life settings (Miles and Huberman, 1994). In addition interviews allowed the researchers to examine the dynamics and social interactions between the buyer and salesperson.

Key Findings
Email and telephone were the most mentioned media via which salespeople initially contacted participants. The B2B buyers had negative views of cold calls and viewed them as ineffective and time consuming. This is similar to Cano et al.,’s (2005) findings that salespeople today misread what kind of communication methods are preferred at the start of the selling relationship. All participants mentioned email although it was preferred at later stages of the relationship as at the start it was viewed as too impersonal or time-consuming (Bean et al., 2003). Email used at the initial stages of the relationship did not have a positive impact. A technique that was positively mentioned by several participants involved the salesperson contacting the buyer first via the telephone in order to introduce themselves and then sending more information via email, if it was requested.

“I do talk to people; some of them offer to send you information in an email. I can decide whether I give them that or not… usually I will tell them that they are ok, because they have gone to that courtesy of asking” (Head of Operations, Engineering Firm)

“I think the problem is that if salespeople just send an email, the temptation is just to file it. So the most successful way is to phone and introduce themselves and not take too long about it, then send an email with whatever literature I’ve asked for” (Buyer for manufacturing)

Participants commented on the courtesy displayed and the fact that the interaction was warmer using an introductory email. This access strategy permitted the salesperson to enter the buyer’s network at the buyer’s discretion and this allowed the buyer to remain in control.

Previous studies showed a trend towards businesses using media such as social media and online methods to initiate contact with buyers (Agnihotri et al., 2012; Rodriguez et al., 2012; Schultz et al., 2012). This research found that many of the participants had no interest in using social media as a touch point with salespeople or suppliers:

“I know that social media is there but I don’t tend to use it, purely because I only use that for personal use, I don’t go on it for business.” (Commodity Buyer)
“I am not interested in Twitter or Facebook . . . I just don’t have time. As a company, we have that blocked on our internet so you can’t go on” (Commodity Buyer, Manufacturing)

The data shows that buyers are unwilling to offer time and effort to social media if there are no perceived benefits. Agnihotri et al. (2012) suggest salespeople may not engage with social media if they do not perceive any value in using it and the data shows buyers also hold this view.

Rodriguez et al., (2012) maintains that industry standards may affect an organisation’s tendency to use social media. Six of the participants were from industrial or manufacturing backgrounds and the products being bought and sold are more complex than other markets (Guenzi et al., 2007). This signifies that richer media, that can communicate vast amounts of technical information, is preferred by both salespeople and buyers in a manufacturing industry and these results may be different from research completed in other industries.

It was learnt that by not providing a clear, informational website, organisations are not able to attract buyers; therefore, they are not able to control the initial contact with buyers. These findings are in line with Lord and Collins’ (2002) research that suggested buyers use online sources of information to search and identify potential suppliers. This highlights the need for a coherent and distinct communication strategy across multiple media sources as suggested by Pitta et al., (2006) as buyers are more likely to source and identify potential suppliers themselves.

“I think that the purchasing people now have a lot more intelligence, regarding markets and the information system gives them the upper hand... the buyer has that intelligence and is expecting that level of intelligence to be used in the presentation and the knowledge.”(Head of Procurement, heavy manufacturing)

Several of the participants noted that the intelligence they had – in terms of potential suppliers and market information - was key to being able to partake in negotiations. Salespeople need to understand that there is a level playing field on which the buyer and salesperson both stand and only an intelligent understanding and presentation of business needs will present selling opportunities for salespeople. This supports Deeter-Schmelz and Kennedy’s (2004) findings that suggested selling firms’ websites should support salespeople but are not a direct replacement to them.

Several buyers mentioned that if the initial contact was face-to-face, it was perceived as being more memorable and improved communication between the buyer and salesperson.

“I like to see their eyes, and the body language – that tells you a lot about a person, you can see their eyes and you can tell if they are telling you the truth or not.” (Purchasing Directory, consultancy services)

“At the start up everything is new for everybody and it is easy to send an email and say ‘follow that process’ but much better to go face to face, walk the first one through then get immediate feedback and if you can get that, it can avoid you issues further down the line.” (Head of Procurement, heavy manufacturing)

Face-to-face contact was particularly successful in assessing the salesperson’s personality and their “fit” with the buyer and buying organisation. Buyers believed that this was a quicker,
more efficient and more meaningful way of meeting and conversing with a potential business partner. Therefore, it is necessary to state that “initial contact” may be a relevant issue over several communications and should combine both the media used to contact the buyer and the first face to face meeting with the buyer. Deeter-Schmelz and Kennedy (2004) argue that in collaborative relationships, using the internet as a communication media would not replace a salesperson’s face-to-face contact. Face-to-face is important in these relationships because buyers will use this dialogue to generate norms and expectations for future expectations from their salesperson (Drollinger and Comer, 2013).

Recommendations and Conclusions
From the literature it was established that B2B buyers operated in a vast and complex environment (Wiersema, 2013). Respondents for this study were ‘time-strapped’ and considered achieving low costs an essential element of successful purchasing. The buyers were influenced by new technology affecting marketing and sales functions (Wiersema, 2013). This study suggests that buyers are not only adept at finding information but also using new technology to their advantage. This knowledge further increases the need for both the sales and marketing functions to understand technology’s full impact on the buying process and communication strategies impact the buyer-salesperson relationship.

Table of Recommendations

| 1. Communication strategies should be developed on an organisational level and the sales department should use new media channels to effectively communicate key product/service offerings that add value to the buyer-seller relationship |
| 2. Salespeople should be aware of how to communicate these key attributes when they are involved in personal communications with a buyer |
| 3. Face-to-face meetings should be encouraged as an important, dynamic and powerful way to communicate with buyers |
| 4. Salespeople should use a balance of traditional and digital communication media that adds value to the buyer-seller relationship |
| 5. Firms must develop inspirational and ‘sales forced’ websites to accurately reflect their products, culture, values, reputation and expertise. Buyers use suppliers’ web sites as their first touch point to gain information about potential selling partners |

This paper has contributed to knowledge for industry by identifying and understanding that the changing B2B selling environment needs to be managed by salespeople. Salesforce technology and automation has increasingly become more popular however, it is imperative the technology should be used to complement the sales process and add value when communicating to customers. For academia, the research has identified several areas of B2B sales that warrant further investigation such as updating and incorporating the recommendations proposed into the sales cycle. Further research is suggested to provide key insights of how a salesperson can influence marketing decisions and use media channels as part of an integrated marketing campaign to increase success of prospecting and gaining access to new customers.

References


Buy Now – Give Away Later?: Online Shopping and Regret

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Abstract

Although compulsive or uncontrolled buying was described before online shopping was possible, the 24 hour availability of the internet, as well as evidence of other internet addictions, has directed attention to the problem of excessive buying online. This study explores the drivers and consequences of problematic buying online through in-depth interviews with twenty female participants who had expressed some concern about their online shopping. While recognising the advantages of online shopping, participants identified many regrets associated with online shopping, including inappropriate purchases, excessive time spent browsing, and financial and social consequences, such as the need to hide purchases from disapproving family and friends. Features of online shopping (marketing alerts, ease of purchase and perceived difficulty in returning items) appear to result in a higher probability of purchases which are later regretted compared to in-store purchases. The findings have policy implications for online consumer education.

Keywords: online shopping, regret, unwanted purchases, compulsive shopping

Track: Retailing and Sales

1.0 Background

Uncontrolled buying was first described in 1915, when ‘buying mania’ was described as a ‘pathological impulse’ (Lejoyeux et al., 1996). Since then compulsive buying (sometimes described as ‘uncontrolled buying’) has been the subject of a number of studies (e.g. Faber & O’Guinn, 1992; O’Guinn & Faber, 1989), and has been defined as ‘chronic, repetitive purchasing that becomes a primary response to negative events or feelings’ (O’Guinn & Faber, 1989, p. 155). Uncontrolled buying has been said to be a psychiatric disorder, with estimates of the percentage of the population effected varying from 1.1% (Lejoyeux et al., 1996) to 5% (Lejoyeux & Weinstein, 2010). While some researchers have described the phenomena as an addiction (Rodriguez-Villarino, 2006), others have argued that compulsive buying is merely one end of a continuum marked by increasing degrees of excessive uncontrolled buying with dysfunctional, albeit sub-clinical elements (Dittmar, Long, & Bond, 2007). The key feature distinguishing compulsive buyers from normal consumers, collectors and hoarders has been said to be a focus on the buying process itself, rather than on the items bought (Lejoyeux & Weinstein, 2010).

Online shopping, which enables consumers to purchase goods 24 hours a day, 7 days a week, increases the potential problems of compulsive buying, because buying occasions are no longer limited by retail hours or by out of hours channels such as catalogues and TV shopping. The increased use of online shopping, and also the evidence of other internet addictions (e.g. Chou, Condron, & Belland, 2005) has increased research attention on compulsive buying online (e.g. LaRose & Eastin, 2002). Various scales for classifying addictive online behaviour have been developed (e.g. Clark & Calleja, 2008), and there have been a number of empirical studies examining the personality characteristics of compulsive online buyers (Peters & Bodkin, 2007; Rodriguez-Villarino, 2006). However there has been only limited discussion of the factors which contribute to problematic online buying, despite a recognition that marketing cues can facilitate addiction (Martin et al., 2013). As a result, this
study explores the drivers and consequences of compulsive buying online, using consumers’
own reports of their buying behaviour.

2.0 Methodology

Due to the exploratory nature of the study, a qualitative research approach was used. A
research agency was commissioned to recruit twenty female participants due to the reported
higher incidence of problematic behaviour by females (Faber & O'Guinn, 1992). Participant
selection criteria also included age (over 20 years), employment or substantial family income
(to ensure a sufficient budget for online shopping), buying tangible products online at least
once a month, and perceiving their online shopping to be problematic, as assessed by ‘yes’
answers to two or more of six screening questions.

Twenty face-to-face semi-structured interviews were conducted, with the average
interview lasting for around 40 minutes. Participants were given an $80 store voucher as an
incentive to participate, and in line with the ethics committee’s recommendations, were given
information about the availability of financial management and counselling services at the end
of the interview. The interviews explored the reasons participants shopped online, their views
about online versus in-store shopping, episodes of shopping (both online and in-store) which
had resulted in regret, and the extent to which participants regretted shopping purchases.

Two researchers attended all interviews in order to increase the likelihood that
relevant issues would be identified and probed. All interviews were recorded and transcribed;
transcriptions were checked against the voice recordings and some minor errors corrected
before the analysis commenced. The data were analysed using NVivo, with all interviews
reviewed and coded by each of the three member research team.

Due to the exploratory nature of the study, thematic analysis was used, based on an
inductive approach (Braun & Clarke, 2006). Following Braun and Clarke’s recommendations
(2006), discussion between the research team members identified themes and a theme
structure. Themes were identified based on the significance of the topic to the research, rather
than on the frequency of articulation. All specified themes were re-checked to ensure their
relatedness to the coded extracts and the entire dataset. A thematic ‘map’ of the analysis was
developed and refined as the dataset was re-coded, helping to ensure that all major themes and
sub-themes were captured.

3.0 Results

When asked what encouraged them to shop online, there was broad consistency
between participants about the attractions of online shopping. Commonly cited reasons for
online buying included the availability of lower prices, a wider range of offerings, and
convenience. Many discussed the ‘thrill’ of obtaining bargain prices online, which often
spurred multiple purchases. For example one participant reported buying seven tops in one
purchase because of the low price (Participant C). A small group of participants reported only
what appeared to be highly rational reasons for shopping online, and described behaviour
which seemed consistent with a lack of problematic buying online, i.e. purchases marked by
an identified need, systematic search, and, where a purchase was judged to be unsuitable,
rational evaluation of disposal options (keep, return, sell, or give away). However, a larger
group of participants, who appeared to be more troubled by their online shopping, reported
browsing and buying behaviour which appeared to be much more strongly related to mood,
with higher levels of impulse purchases, higher levels of regret, and more frequent failure to
dispose of unwanted items, which were often reported to be kept pending possible later
donation to charity. For this group, browsing was sometimes reported to be a distraction from boredom, and difficult to resist:

...if there's nothing else to do even when the TV is on actually, I've got this phone in my hand, constantly browsing. (H)

For many participants, a search for one item often resulted in extended browsing of other product categories. Many reported that they would start searching for a particular item, but would become distracted by browsing, and would spend much longer online than they intended or wanted:

... I should be doing something else. It's tempting sometimes because you're just looking from one thing to the next. (P)

Nearly all participants reported receiving numerous emails and alerts encouraging them to browse for purchases. Some attempted to limit their browsing by unsubscribing from such alerts, or by forwarding shopping related emails to an email address which they checked less often. However participants who appeared to be less rational in their search and purchase processes seemed to be frequently influenced to browse by these alerts and emails, often followed by impulse purchases:

But that [online purchase] would be only because they’ve emailed me, which has sort of enticed me to have a look. (T)

Participants reported frequent post purchase regret following online purchases: when asked to estimate what proportion of online purchases they regretted, some reported regretting a very large majority, including ‘always’ for one participant (N), 80% for one (G) and 50% for two (E and P). A wide range of products and services purchased online were reported as resulting in post-purchase regret, with clothing the most commonly reported single product category – partly reflecting that it was one of the more frequently purchased products online, but also reflecting the common disappointment with online clothing purchases. Almost without exception, participants reported a higher level of impulse buying and regret from online compared to in-store purchases.

The reasons for post-purchase regret fell into two main categories: disappointment with a product which was seen as unsuitable – either faulty or deficient in some way, or disappointment with a product which on receipt, was judged to be less attractive than anticipated, or which, while suitable, the participant didn’t ‘need’:

...my biggest problem when it comes to online shopping is that I’ve got too many things going on at once. I can just completely forget that I don’t need it... (P)

When asked what they did with unwanted purchases, participants reported a variety of responses, but notably, very few attempted to return faulty and/or disappointing purchases. A variety of reasons were reported for not returning these unwanted items, but the most common reason appeared to reflect the perceived difficulty in returning items, resulting in inertia: ‘I keep them because it’s too much hassle to send things back’ (M). Instead of returning unwanted items, many participants reported giving them away to family or friends, donating them to charity or (less commonly) reselling the items online on sites such as eBay. A very common outcome of an unwanted clothing purchase, however, was for the items to be kept, with labels on, for some undecided future outcome. Nearly every participant reported having multiple items of unwanted, unworn clothing items that they had bought online stored somewhere in their house. When asked what they would be likely to ultimately do with these items, some suggested that they might sell them online, but giving the items to charity was...
reported to be the most likely method of disposal. Pending any decision, possession of such items appeared to result in some stress and frustration for participants.

Many participants reported that the ease of buying online, particularly if their credit card details were stored on a shopping site, facilitated purchases online, apparently leading to higher levels of impulse purchase, and consequent higher levels of post-purchase regret:

Because it’s easy and it’s there in front of you and yeah, like I said you click on the credit card button and put in your details in and - it’s simple. (M)

While online purchasing was not reported to cause severe financial consequences for any of the participants, there were several reports suggesting that online purchases had caused financial stress. Several participants discussed accumulating large amounts of debt through online shopping, and one participant described her husband cutting up her two credit cards after she ‘maxed out’ on both (N).

Online purchases clearly caused stress for many participants. Several reported that family members were at times critical of online purchases. One reported her husband responding to her online shopping with ‘…you’re a fool’ (N). Many said they hid some of their online purchases from their partners and/or family members: ‘I have to hide (purchases) because I feel like I have a problem….’ (G)

The time spent browsing was also a source of regret for some participants. Some spent very large amounts of time browsing for purchases online, with one reporting spending three to four hours per day browsing (E) and another a year looking for a particular handbag (G). Many participants reported losing track of time while browsing:

I'll sit there 'til one, two o'clock in the morning, looking in different websites and going [to] different places to see if I can find what I want. (Q)

Many participants expressed regret at the time spent searching for an elusive, ideal product, and did not believe that browsing helped them to make better decisions or was enjoyable:

I think the longer you look for it, the more you want it. I think - I forget what I really like most about it. (D)

Sometimes, losing track of time while browsing appeared to interfere with family life.

I could be (on the computer) all day and the kids would say 'I'm hungry', so I'll quickly feed them and then go back there. (S)

While many reported enjoying browsing, like online purchases, browsing was often seen as a response to stress and/or boredom:

I guess maybe it's a distraction, trying to distract myself for doing something (sic) that I know is going to cheer me up, which is going shopping. (R)

4.0 Discussion

The results suggest that online shopping, while offering consumers many advantages, has the potential to exacerbate and increase the problem of compulsive buying previously identified in purchases from physical stores. For these participants, the attraction of a perceived bargain online, a wide variety of goods and convenience clearly resulted in a much higher level of shopping. The reported relative advantages of online shopping are consistent with the literature (Chang, Cheung, & Lai, 2005). However in contrast with purchases from stores, unwanted items (particularly fashion items) were apparently less likely to be returned, resulting in accumulation of unwanted items pending ultimate disposal, suggesting that online
shopping is expanding the size of the market, rather than just cannibalising store sales. Managers of physical stores might benefit by promoting the convenience of returning goods compared to online stores, to target shoppers frustrated by the difficulty of returning unwanted online purchases.

The study also shows that online shopping has some undesirable consequences for many individuals, both financial and social. Some participants reported financial stress due to purchases online, and others regretted the loss of funds which could have been spent on other more productive uses (such as decreasing a mortgage). Others reported relationship stress due to the time and money spent shopping online. This is consistent with literature describing the negative impact on family and social life of excessive time spent on the internet (Murali & George, 2007).

For some participants, the time they spent on undirected browsing was also seen as a problem, taking time away from other activities, including work and social interaction. While undirected browsing was sometimes seen as an enjoyable activity, it appeared to be associated with higher levels of impulse purchases which were later regretted.

The study also raises questions about the percentage of online purchases which on receipt, result in regret, sometimes because they are unsuitable, but more often because after the thrill of purchase, the participant didn’t need or want them. The frequent reports of participants storing unwanted online purchases before ultimate disposal (often by donation to charity) raises environmental and social concerns about the extent to which online shopping is encouraging the allocation of resources to the production and disposal of unwanted items.

Hoarding has previously been associated with compulsive buying (Frost et al., 1998; Swan-Kremeier, Mitchell, & Faber, 2005), and defined as the ‘acquisition and failure to discard possessions that appear to be useless or of limited value (Frost & Gross, 1993). Research on hoarding has thus often focused on hoarding items of limited value. However the main driver of storage of unwanted items by participants in this study appeared to be indecision between two options – either returning or selling unwanted goods (seen as a difficult and time consuming process), or deciding how else to dispose of an item that they had recently paid money for (making ‘throwing away’ an unattractive option). The disposal of unwanted online purchases is a potential area for future research in order to determine if extended storage before giving away merely reflects typical post-online purchase behaviour, or whether it is symptomatic of the hoarding described in the literature.

Since the study selectively interviewed people who expressed concern about their online shopping, the results cannot be generalised to the population of online shoppers. The use of direct interviews to explore a problematic behaviour also has limitations, since participants may be reticent about discussing the extent of problematic behaviour. Participants might be reluctant, for example, to discuss severe financial hardship resulting from online shopping. However, the finding that online shopping is very problematic for some participants is of concern and consistent with literature which links compulsive online shopping to non-utilitarian drivers, such as the enhancement of emotion and identity (Dittmar et al., 2007).

5.0 Conclusions and Implications for Further Research

The research has identified critical issues associated with excessive internet shopping. While there has been previous research into compulsive shopping online, this research suggests that the problem of problematic online buying is likely to increase. For many
participants in this study, online shopping has resulted in regret and apparent decreased self-esteem due to the time spent browsing online, the money spent on unwanted purchases, and the requirement to hide purchases from partners and/or family. Compulsive shopping appears to be aggravated by the constant availability of online shopping, and also by the prompts to browse caused by periodic emails and SMS messages. The increasing sophistication in targeting marketing communications means that such messages are likely to become even more effective. On a more positive note, there was evidence that some participants had used strategies to moderate their online purchase behaviour, which has implications for consumer education.

With a small sample of individuals recruited on the basis of expressed concerns about online shopping, it is not possible to estimate the extent to which these issues affect all internet shoppers. Nevertheless, the study identifies the potential for online shopping to be problematic for some individuals, and suggests that further research is required to determine the prevalence and consequences of problematic online buying, and to determine if consumer education is required to address the problems for some individuals caused by excessive online shopping.

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The Role of Coercive and Non-coercive Influence Tactics in Sales Manager/Marketing Manager Working Relationships

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Abstract
This study examines the effects of coercive and non-coercive influence tactic use in Sales Manager/Marketing Manager working relationships. These influence tactics are used to predict the level of manifest influence of the manager using the tactic, and the effectiveness of these managers’ working relationships. The findings reveal that not all of the tactics increase one’s influence. Those that do are threats, rational persuasion, and consultation, though the use of threats comes at a large cost to the effectiveness of the relationship. The tactics which are most appropriate are those which are built on engagement with the peer manager, rather than an attempt to secure cooperation or compliance through more formal, or coercive means.

Keywords: Marketing/Sales relationships; Influence tactics
Track: Retailing and Sales

1.0 Introduction

Effective Sales Manager/Marketing Manager “cross-functional working relationships” (“Sales/Marketing CFRs”) are important to modern firms, given the role these managers play in delivering value to external customers. Recent empirical research for example has linked effective Sales/Marketing CFRs with superior value creation, and market performance (cf. Guenzi & Trolio 2007). Sales Managers and Marketing Managers however can have differing priorities, conflicting objectives and ineffective CFRs (Kotler et al., 2006). Despite this, they need to work together, and at times influence or change the other’s opinions and behaviors. One means by which this can be achieved is via proactive “influence tactics” used by an “agent” on a “target” manager (cf. Yukl, 2002). These tactics come in two main forms (i) coercive (e.g., threats), and (ii) non-coercive (e.g., rational persuasion), and both forms are examined here. Influence tactics are important because a manager’s effectiveness is determined, at least in part, by their level of informal influence within the firm (Yukl, 2002).

This study examines the effects of these tactics on two dependent variables. First, the manifest (i.e., actual) influence of the manager using the tactic, and second, the perceived effectiveness of the Sales/Marketing CFR. Manifest influence is included because it is a “traditional” outcome variable in influence research (Atuahene-Gima & De Luca, 2008), and perceived relationship effectiveness is included because effective CFRs are associated with a wide range of positive organizational outcomes (cf. Massey and Kyriazis 2007; Guenzi and Trolio 2007).

2.0 Theoretical Framework

The main theoretical framework underlying this study is sociopolitical theory (cf. Atuahene-Gima & Evangelista, 2000), which recognizes that CFRs are inherently political, and that departmental managers are self-interested, and seek to increase their power and influence within the firm (cf. Frost & Egri, 1991; Maute & Locander, 1994). As managers have their own (often conflicting) goals and priorities, their struggles for power amongst
functional coalitions give rise to the use of intra-firm influence tactics (cf. Atuahene-Gima and De Luca 2008).

3.0 Conceptual Models

This study tests two models. Model 1 examines the effects of two coercive influence tactics (threats, and legalistic pleas) on manifest influence and perceived relationship effectiveness. Model 2 differs only in respect of the influence tactics examined, as it replaces the two coercive tactics used in Model 1 with five non-coercive influence tactics (rational persuasion, consultation, collaboration, ingratiation, and inspirational appeals).

3.1 Outcome Variables: Manifest influence is defined as the actual effect a manager had on a specific decision (cf. Atuahene-Gima & De Luca, 2008), e.g., changing the opinions or behaviors of other managers. Ruekert and Walker’s (1987) landmark article on Marketing’s CFRs argued that influence is associated with greater resource, work, and assistance flows between departments, hence the relevance of manifest influence to this current study. Perceived relationship effectiveness is drawn from Van de Ven (1976), and defined as the extent to which a manager perceives their working relationship to be worthwhile, equitable, productive, and satisfying. Recent empirical evidence suggests that effective Sales/Marketing CFRs are positively associated with superior value creation and market performance (Guenzi & Troilo 2007), justifying its inclusion in the research models.

3.2 Independent Variables: Influence Tactics: “Agent” managers may attempt to secure compliance or cooperation from targets via influence tactics. These tactics can be categorized into “hard”/coercive tactics, and “soft”/non-coercive tactics. Model 1 examines two coercive tactics—threats and legalistic pleas. Threats involve an agent indicating that they will apply negative sanctions if the target fails to perform a desired action. Legalistic pleas involve the agent citing a legalistic, contractual, or informal agreement requiring or suggesting the target perform a certain action (cf. Frazier & Summers 1984).

Fig. 1.
to carry out a request, or implement a change. **Collaboration** involves the agent offering to provide the target with resources or assistance necessary to carry out the request. **Ingratiation** involves agents giving compliments, doing unsolicited favors, being deferential, respectful and friendly in order to make the target feel better about the agent. Last, **inspirational appeals** involve agents seeking compliance or cooperation by appealing to a target’s emotions or needs, values, hopes, and ideals. Non-coercive tactics are included because they are the most frequently used, and likely to be effective in peer manager relationships (Yukl, 2002) such as Sales/Marketing CFRs.

### 4.0 Hypotheses Development

**Effects of Manifest Influence on Perceived Relationship Effectiveness**

A resource dependence view of firms suggests that managers with high influence are likely to be effective in securing resources (cf. Kohli, 1989). Interdependent Sales Managers/Marketing Managers are therefore likely to perceive their CFR with an influential manager to be effective because that manager will tend to share resources with them. This is likely because these managers recognize their need to build effective cross-functional coalitions (cf. Conrad, 1990). Second, Sales Managers/Marketing Managers have relatively high domain similarity, and as Ruekert and Walker (1987) argued, there is a positive relationship between domain similarity and resource flows between managers. Hence where a Sales Manager’s/Marketing Manager’s manifest influence is high, their counterpart manager is likely to benefit from their influence, and therefore to perceive their CFR to be effective. We therefore hypothesize:

H1: As the Sales Manager’s/Marketing Manager’s manifest influence increases, the perceived effectiveness of the CFR will increase.

**Effects of Coercive and Non-coercive Influence Tactics on Manifest Influence**

Space limitations prevent the development of each hypothesis linking the influence tactics to the dependent variables. However, the directions of these hypotheses are all likely to be consistent. Turning first to the effects of these tactics on manifest influence, regardless of whether the tactic is coercive or non-coercive, all are intended to increase the agent’s manifest influence (cf. Yukl, 2002; Yukl and Tracey, 1992). Indeed managers only use tactics that they believe will work, i.e., change a target’s behavior (Venkatesh et al., 1995). We therefore hypothesize:

H2,3,4,5,6,7,8a: When the Sales Manager/Marketing Manager employs a coercive/non-coercive influence tactic, the manifest influence of that manager will increase.

**Effects of Coercive and Non-coercive Influence Tactics on Relationship Effectiveness**

We would expect the effects of these two forms of tactic on relationship effectiveness to differ. The effects of the coercive influence tactics are likely to be negative, because targets perceive them to be socially unacceptable, particularly threats (Yukl, 2002). Because threats are confrontational, they can lead to negative psychosocial outcomes in CFRs (Fisher et al., 1997). Moreover, because they are non-task oriented, and can be construed as a personal attack, they are likely to reduce a target’s perceived relationship effectiveness. Hence threats are generally inappropriate because targets will resent the agent’s use of coercion (Yukl et al., 1993). Similarly, while legalistic pleas are less confrontational than threats, they are still likely to reduce relationship effectiveness, because their use alludes to costs to the target associated with violating the norms or statutes of the firm or decision-making group (Frazier
& Summers 1984). Hence while legalistic pleas are task oriented, they still carry implicit threats about the consequences of non-compliance, and their use is likely to carry strong personal overtones. We therefore hypothesise:

\( H2,3b: \) The use of threats and legalistic pleas by a Sales Manager/Marketing Manager leads to lower relationship effectiveness

In contrast, non-coercive tactics are likely to be positively associated with relationship effectiveness, because they are a more socially acceptable tactic. Rational persuasion, consultation, and collaboration for example are participatory tactics in which targets are presented with logical arguments, offers of help, or invitations to help implement a target’s request. Even tactics tapping into a target’s positive emotions, e.g., to make the target feel better about the agent (ingratiation), or tapping into a target’s values (inspirational appeals) are socially acceptable, and one of the determinants of whether a tactic is likely to be successful is its social acceptability (Yukl, 2002). Hence such tactics should be associated with greater perceived relationship effectiveness. We therefore hypothesize:

\( H4,5,6,7,8b: \) The use of rational persuasion, consultation, collaboration, ingratiation, and inspirational appeals leads to greater relationship effectiveness

5.0 Methodology

5.1 Sampling and Data Collection

The two sampling frames were generated from proprietary mailing lists. The sample for Model 1 (n=125) consisted of UK and Australian firms, with Sales Managers acting as key informants on their CFR with the Marketing Manager (net response rate = 20.3%). The sample for Model 2 (n=73) consisted of Marketing Managers from Australian firms reporting on their CFR with the Sales Manager (net response rate = 25.2%). Data was collected using a pretested, self-administered, mailed questionnaire.

5.2 Operational Measures and Measure Refinement

The two coercive tactics were drawn from the Profiles of Organizational Influence Strategies work (i.e., Kipnis et al., 1980), and the non-coercive tactics were taken from the more recent Influence Behavior Questionnaire studies (e.g., Yukl and Tracey, 1992). All scales are reflective multi-item measures. Principal components analysis revealed that all reflective scales were unidimensional. Partial least squares (PLS) was used to estimate the measurement and structural models, specifically, SmartPLS 2.0 (Ringle et al., 2005). Analysis of the measurement diagnostics for Model 1 suggested that the items are adequate indicators of the latent variables. Convergent validity was established because the t-statistics for each item were all statistically significant (Anderson & Gerbing, 1988), and the average variance extracted (AVE) for each construct exceeded .50 (Fornell & Larcker, 1981).

Discriminant validity was established as the AVE for each construct in a test pair was greater than the square of the correlation between those two constructs (Fornell and Larcker, 1981), all pairs of variables passed this test. Also, no item loaded higher on another construct than it did on the construct it intends to measure (Chin, 1998). Last, reliability was established because the composite reliabilities of the multi-item measures ranged from .88 to .93, and that it was appropriate to proceed to model testing.

6.0 PLS Structural Model Testing Results and Discussion
PLS was used to estimate the structural models, and the results are presented below. The result for H1 linking a manager’s manifest influence to perceived relationship effectiveness was supported in Model 1 (Sales Managers reporting on the manifest influence of the Marketing Manager), but not for Model 2 (Marketing Managers’ perceptions of the Sales Manager’s manifest influence). So when a Sales Manager perceives the Marketing Manager to have high influence, this is associated with higher relationship effectiveness. In contrast, when a Marketing Manager perceives their counterpart Sales Manager to have high manifest influence, this does not impact on relationship effectiveness. One explanation for this is that Sales Managers are more dependent on the Marketing Manager, for example, Marketing providing Sales with selling tools or advertising and promotional support. Hence where a Sales Manager worked with a highly influential Marketing Manager, they would be likely to receive greater support and resources from that manager, and perceive their relationship with that manager to be effective.

### Table 1. PLS Model Testing Results - Model 1

<table>
<thead>
<tr>
<th>Linkages in the Model</th>
<th>Hyp.#</th>
<th>Hyp Sign</th>
<th>Std Beta (t-stat)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Study 1: Sales Managers</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manifest Influence → Relationship</td>
<td>H1</td>
<td>+</td>
<td>.411 (3.9142)**</td>
</tr>
<tr>
<td>Effectiveness</td>
<td></td>
<td></td>
<td>(3.9142)**</td>
</tr>
<tr>
<td>Threats → Manifest Influence</td>
<td>H2a</td>
<td>+</td>
<td>.335 (2.3701)**</td>
</tr>
<tr>
<td>Threats → Relationship Effectiveness</td>
<td>H2b</td>
<td>-</td>
<td>-.343 (2.6543)**</td>
</tr>
<tr>
<td>Legalistic Pleas → Manifest Influence</td>
<td>H3a</td>
<td>+</td>
<td>-.100 (0.7116)</td>
</tr>
<tr>
<td>Legalistic Pleas → Relationship Effectiveness</td>
<td>H3b</td>
<td>-</td>
<td>-.192 (1.7519)*</td>
</tr>
<tr>
<td>R² for PRE = .326</td>
<td>R² for Manifest Influence = .072</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

† = sig <.10; * = sig <.05; ** = sig < .01; *** = sig < .001

### Table 2. PLS Model Testing Results - Model 2

<table>
<thead>
<tr>
<th>Linkages in the Model</th>
<th>Hyp.#</th>
<th>Hyp Sign</th>
<th>Std Beta (t-stat)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Study 2: Marketing Managers</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manifest Influence → Relationship</td>
<td>H1</td>
<td>+</td>
<td>-.027 (0.3071)</td>
</tr>
<tr>
<td>Effectiveness</td>
<td></td>
<td></td>
<td>(3.9798)**</td>
</tr>
<tr>
<td>Rational Persuasion → Manifest Influence</td>
<td>H2a</td>
<td>+</td>
<td>.365 (2.6322)**</td>
</tr>
<tr>
<td>Rational Persuasion → Relationship Effectiveness</td>
<td>H2b</td>
<td>+</td>
<td>.543 (3.9798)**</td>
</tr>
<tr>
<td>Consultation → Manifest Influence</td>
<td>H3a</td>
<td>+</td>
<td>.241 (1.7230)*</td>
</tr>
<tr>
<td>Consultation → Relationship Effectiveness</td>
<td>H3b</td>
<td>+</td>
<td>-.031 (0.2143)</td>
</tr>
<tr>
<td>Collaboration → Manifest Influence</td>
<td>H4a</td>
<td>+</td>
<td>-.032 (0.2023)</td>
</tr>
<tr>
<td>Collaboration → Relationship Effectiveness</td>
<td>H4b</td>
<td>+</td>
<td>.310 (2.1730)*</td>
</tr>
<tr>
<td>Ingratiation → Manifest Influence</td>
<td>H5a</td>
<td>+</td>
<td>-.161 (1.3666)†</td>
</tr>
<tr>
<td>Ingratiation → Relationship Effectiveness</td>
<td>H5b</td>
<td>+</td>
<td>-.041 (0.3449)</td>
</tr>
<tr>
<td>Inspirational Appeals → Manifest Influence</td>
<td>H6a</td>
<td>+</td>
<td>.082 (0.7005)</td>
</tr>
<tr>
<td>Inspirational Appeals → Relationship Effectiveness</td>
<td>H6b</td>
<td>+</td>
<td>.070 (0.7230)</td>
</tr>
<tr>
<td>R² for PRE = .574</td>
<td>R² for Manifest Influence = .290</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

† = sig <.10; * = sig <.05; ** = sig < .01; *** = sig < .001

Turning now to the effects of the coercive influence tactics on manifest influence, the results are mixed. The use of threats strongly increases an agent’s influence, but in the process, has very damaging effects on the relationship, as threats strongly reduce relationship
effectiveness. The managerial implications of this result are clear, i.e., threats should only be used rarely, or as a last resort, as they severely damage CFRs. Perhaps the only circumstances in which threats should be considered are where initial non-coercive influence attempts have repeatedly failed, and there is great urgency associated with securing compliance or cooperation to complete the task. The effects of legalistic pleas are somewhat different, as they do not increase an agent’s influence, though their use is associated with a decrease in relationship effectiveness. Again, these results suggest it is unwise to use coercive influence tactics due to their potential to damage CFRs.

In Model 2, only two of the non-coercive tactics increased Sales Managers’ manifest influence, rational persuasion, and consultation. In addition, only one other non-coercive tactic had a positive effect within the Sales/Marketing CFR, i.e. collaboration. The reason for this is most likely that all of these influence tactics are bilateral in nature: rational persuasion involves argument and dialogue, consultation involves seeking others’ views, and collaboration involves offering assistance. Hence such influence attempts are built on engagement with the peer manager, rather than an attempt to secure cooperation or compliance through more formal, or coercive means.

An important implication of these findings is that Sales Managers/Marketing Managers should be prudent in their choice of influence tactics. Firstly, because few appear to increase an agent’s manifest influence, many influence attempts may therefore be wasted. The only tactics which simultaneously seem both effective, and unlikely to damage the relationship, are rational persuasion, consultation, and collaboration. This suggests that they should be a manager’s first, and most frequently used tactics if they wish to increase their intra-firm influence. In addition, rational persuasion increases the perceived effectiveness of the relationship, as does collaboration, which suggests that the use of these tactics alone, or in combination can significantly improve the quality of Sales/Marketing CFRs in business-to-business firms. Importantly, managers should avoid using tactics such as threats as they damage the CFR. Although they may increase a manager’s manifest influence in the short term, and this may be important to achieve an urgent task at hand, they also significantly reduce the perceived effectiveness of that CFR over the long term. Similarly, whilst legalistic pleas do not increase an agent’s manifest influence, their use can decrease the effectiveness of the CFR, and should therefore be avoided.

References


Servicescape and Shopper Cognitive Responses: The Moderating Role of Market Structure

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Abstract
Research on how servicescape affects consumer decision-making processes has mainly emphasized the role of this variable in driving behaviours, emotions and attitudes. Less attention has been given to the role of servicescape in defining consumers’ cognitive responses, such as beliefs and symbolic meanings. This study proposes and tests a model that integrates the traditional servicescape framework with the reference-based paradigm, considering the interplay between servicescape, functional congruity, actual self-congruity, and alternative attractiveness. The study highlights the role of market structure in shaping consumer evaluations. Servicescape shows a positive effect on self-congruity and functional congruity, with a greater impact on the former than the latter. In particular, the effect on self-congruity is amplified when considering fragmented markets.

Keywords: servicescape, self-congruity, functional congruity, alternative attractiveness, market structure.
Track: Retailing and Sales

1.0 Introduction
How does servicescape impact customers’ perceptions of a focal-store and of competing stores in a market? Considerable attention has been given to the role of store environmental cues in shaping consumer behaviours; however, little research has focused on the impact of these cues on customers’ cognitive responses. Research in marketing literature and related disciplines shows that customer perceptions are influenced by comparisons to reference points; the present study focuses on three major referents, namely functional congruity, alternative attractiveness and self-congruity. In particular, the role of servicescape in grocery retail settings is modelled by integrating Bitner’s (1992) servicescape framework with the reference-based paradigm.

2.0 Servicescape and multiple reference effects
Starting from Kotler (1973), the role of servicescape in consumer behaviour has been studied under two major paradigms: the S-O-R framework from the environmental psychology literature, and the perceived value paradigm (Turley & Milliman, 2000). Bitner (1992) proposes that store environmental cues can influence a customer’s cognitive, emotional and behavioural responses. Several studies have analysed the impact of servicescape on emotions and behaviours, but less attention has been given to cognitive responses, i.e. the impact of servicescape on beliefs and perceptions related to the store. In services, consumers are likely to use tangible features to make judgements and to generally evaluate the service organization. Considering grocery retail and, in particular supermarkets, customers generally interact more with the physical environment than with the sales staff, and this interaction contributes to the formation of an holistic opinion related to overall service performance. Consumers are also unconsciously engaged in a series of comparative evaluations between the focal object and other reference points. It can be stated that consumers’ evaluations and perceptions are not absolute, but rather shaped by comparison. Literature on consumer behaviour, services and identity-based consumption has identified
three key reference effects (Yim et al., 2007): the focal object, the alternatives available in the market and customer’s self-concept. We propose a model that investigates the impact of servicescape on the aforementioned reference effects, paying attention to the potential role played by market structure in shaping consumers’ perceptions.

2.1. Focal-object referent and functional congruity

The role of the focal-object referent has been extensively studied in the literature on customer satisfaction (Oliver, 1981) and service quality (Parasuraman et al., 1985). In the present study functional congruity (FC) is conceived as the match between customers’ ideal expectations of utilitarian store features and their perceptions of the focal store performance in accomplishing their utilitarian goals (Sirgy et al., 1991, Kressman et al., 2006). Atmospherics, layout and physical environment are some of the dimensions that affect customers’ experience of a store both in terms of service quality and shopping efficiency (Dabholkar et al., 1995). Customers enter a store with a certain level of expectation related to its performance and expecting a certain ambience and layout, according to the type of store they are shopping at. Hence, servicescape (SE) is likely to play a role in affecting functional congruity.

H1: The more positive the perceptions of a store servicescape, the greater the functional congruity.

2.2. Other-object referent and alternative attractiveness

Alternative attractiveness (AA) has been investigated by research on decision-making processes and interpersonal relationships. Regret theory postulates that consumers feel regret when appraising the outcome of a particular choice if deciding on an alternative would have led to a better result (Yim et al., 2007). Alternative attractiveness has been found to influence satisfaction, intention to repurchase and relational variables, such as commitment (Ping, 1993; Yim et al., 2007), however little is known about its antecedents.

Besides influencing beliefs related to the focal-store, servicescape can play a role in affecting perceptions of other stores’ performance. Bitner (1992) suggested that servicescape helps customers to distinguish a firm by having an impact on how customers categorize it; i.e. how customers label it using adjectives like welcoming, outdated, clean, etc. Categorization is key when evaluating alternatives as it provides a more straightforward frame for comparison. On the basis of the previous rationales, this study proposes that:

H2: The more positive the perceptions of a store servicescape, the less the attractiveness of the other alternatives available in the market.

2.3. Self-based referent and self-congruity

The role of self-concept as a self-based referent has been studied by researchers interested in self-congruity theory (Sirgy et al. 1991; Sirgy et al. 2000). It is argue that customers choose products and brands perceptually consistent with their own self-concept, as well as that they tend to evaluate a brand/store by matching its image with their own self-concept. Self-congruity (SC) refers to the degree of match/mismatch between a brand/store image and a customer’s self-image (Sirgy, 1991). Although several studies have analysed the effect of self-congruity on attitudes, preferences and behaviours, less attention has been given to the factors that could have an impact on it. In this sense, Sirgy et al. (2000) suggest that servicescape may have an effect on self-congruity, as atmospheric and physical environment cues such as lighting, music, layout and interior decor affect the image of the store and the type of customers who patronise the store. Moreover, through servicescape, retailers can assemble a variety of symbolic meanings related to the retail brand that could affect the development of self-congruity. Therefore, we hypothesize that:
H3: The more positive the perceptions of a store servicescape, the greater the self-congruity

Previous research has shown that self-congruity positively biases functional congruity, i.e. that consumers who perceive a higher degree of congruence with a particular brand/store are going to process the utilitarian object attributes more favourably (Sirgy et al., 1991, Kressman et al., 2006). Servicescape has an important role to play in this sense, as it represents the first element that is taken into account by a customer when initially entering a store. If information processing of store environmental cues leads to higher/lower self-congruity, then customers are likely to develop a positive/negative first impression of the store that can potentially bias the evaluation of utilitarian attributes. The same statement can be conversely applied to the assessment of alternative attractiveness. In their study, Yim et al. (2007) found that higher levels of self-congruity determine a weaker negative impact of alternative attractiveness on commitment and satisfaction. A higher degree of identification with a store can potentially lead to stronger affection and emotional attachment. This could make customers perceive the alternatives available in the market as worse than in the case of low self-congruity with a store.

H4a: Self-congruity partially mediates the positive relationship between servicescape and functional congruity
H4b: Self-congruity partially mediates the negative relationship between servicescape and alternative attractiveness

2.4. Market structure

Market structure has been the focus of many studies in retailing, including the relationship between structure and consumer choice. In particular the number of stores in a market has been found to influence the size of the patronized store set, as it impacts opportunities for store switching (Luceri & Latusi, 2012) and opportunities for divided loyalty to a repertoire of stores (e.g. Uncles & Kwok, 2009). Market structure can also affect the nature and amount of information available to customers about the alternatives available in the market. In fragmented markets customers are more likely to be overwhelmed by the sheer variety of information related to retailers’ promotions and commercial advertising. In this sense, comparison between several alternatives becomes more difficult if only based on functional attributes. In such a context, servicescape may play a central role in communicating symbolic and hedonic meanings, but it becomes less effective in transferring utilitarian benefits because of information overload that makes cognitive elaboration difficult.

H5: In fragmented markets: (H5a) the positive influence of servicescape on functional congruity is lower than in concentrated markets, (H5b) the negative influence of servicescape on alternative attractiveness is higher than in concentrated markets, (H5c) the positive influence of servicescape on actual-self congruity is higher than in concentrated markets.

3.0 Methodology

Data are from demographically-matched consumers in two countries using two conceptually equivalent online surveys. The questionnaire is structured in two sections. The first section asks respondents about their shopping habits in supermarkets during the previous month, in order to identify which is the respondent’s most patronized store. The most patronized store becomes the object of the second section of the survey, which includes questions related to the key variables of the study as well as demographics.
Variables were measured using scales adapted from previous research (Sirohi et al., 1998; Merrilees & Miller, 2001 for servicescape (8 items); Ekinci & Riley, 2003 for functional congruity (6 items); Helgeson & Supphellen, 2004 for self-congruity (3 items); Yim et al., 2007 for alternative attractiveness (6 items)). Self-congruity was operationalized as actual self-congruity, i.e. how one actually sees his/herself (Sirgy, 1991). Distance from the store, gender, ethnic background (domestic vs. international), and income were included as control variables due to previous evidence of a potential impact on the dependent variables.

To assess the role of market structure, Australia and Italy were chosen as research settings because of the different levels of concentration of their grocery retail industries. The Australian grocery retail industry is characterized by high concentration, with the first three players accounting for more than 75% of the market, whereas in Italy the three major players hold a cumulative market share of only 25%, depicting a very fragmented industry (Euromonitor International, 2013).

After having pre-tested on a sample of 30 consumers both in Australia and in Italy, 393 questionnaires were considered for the analysis with a net response rate of 30% (Australian sample: n= 193, Italian sample: n= 200).

Hypotheses were tested using SEM SPSS Amos, applying both single and multi-group SEM analysis.

4.0 Findings

4.1. The measurement model

The exploratory factor analysis ran on the pooled sample using the maximum likelihood extraction method with promax rotation, this provided a factor solution that explained 67% of the variance with no cross-loadings greater than 0.30. A four-factor confirmatory measurement model was separately estimated for each sample and then tested for metric invariance using multi-group SEM. The measurement model showed a good model fit for configural invariance ($\chi^2$/df=1.8463, p<0.05, CFI=0.956, RMSEA=0.047, PCLOSE=0.803) and proved to be metric invariant ($\Delta\chi^2$(df)=19.494(14), p=0.147; $\Delta$CFI=0.002) and scalar invariant ($\Delta\chi^2$(df)=22.718(28), p=0.747; $\Delta$CFI=0.001).

Data were pooled across the two countries and to assess reliability, convergent and discriminant validity of the focal constructs by estimating a four-factor confirmatory measurement model using the pooled dataset. The model provided a satisfactory fit to the data ($\chi^2$/df=2.146, p<0.05, CFI=0.969, GFI=0.932, RMSEA=0.054, PCLOSE=0.218) with all factor loadings highly significant (p<0.001). All composite reliabilities as well as Cronbach’s $\alpha$ were greater than 0.85, AVEs exceeded the recommended threshold of 0.5 and were greater than MSVs and ASVs for each construct. Therefore, the measures demonstrated adequate reliability, convergent and discriminant validity (Hair et al., 2010).

4.2. The baseline model

Hypotheses 1 to 4 were tested using the pooled sample. The baseline model showed a good model fit ($\chi^2$/df=1.860, p<0.05, CFI=0.966, GFI=0.929, RMSEA=0.047, PCLOSE=0.744). All the relationships between the latent constructs were found significant and in the hypothesised direction (Table 1). This provided evidence to support the role of servicescape in influencing customers’ multiple referents perceptions, accepting H1, H2, and H3. In particular, servicescape has a stronger impact on actual self-congruity ($\beta$=0.370) than on functional congruity ($\beta$=0.209).
Table 1 – Structural Models and Mediation effects

<table>
<thead>
<tr>
<th></th>
<th>Standardized β</th>
<th>Pooled</th>
<th>Australia</th>
<th>Italy</th>
</tr>
</thead>
<tbody>
<tr>
<td>SE → SC</td>
<td>0.370**</td>
<td>0.213**</td>
<td>0.531***</td>
<td></td>
</tr>
<tr>
<td>SC → FC</td>
<td>0.237**</td>
<td>0.193*</td>
<td>0.264</td>
<td></td>
</tr>
<tr>
<td>SC → AA</td>
<td>-0.178**</td>
<td>-0.244***</td>
<td>-0.036</td>
<td></td>
</tr>
<tr>
<td>SE → FC w/SC</td>
<td>0.209**</td>
<td>0.142</td>
<td>0.301**</td>
<td></td>
</tr>
<tr>
<td>SE → AA w/SC</td>
<td>-0.317***</td>
<td>-0.304***</td>
<td>-0.420**</td>
<td></td>
</tr>
<tr>
<td>SE → SC → FC</td>
<td>0.088**</td>
<td>0.041*</td>
<td>0.140*</td>
<td></td>
</tr>
<tr>
<td>SE → SC → AA</td>
<td>-0.066*</td>
<td>-0.052*</td>
<td>-0.019</td>
<td></td>
</tr>
<tr>
<td>SE → FC w/o SC</td>
<td>0.298**</td>
<td>0.185</td>
<td>0.442**</td>
<td></td>
</tr>
<tr>
<td>SE → AA w/o SC</td>
<td>-0.385**</td>
<td>-0.357**</td>
<td>-0.439**</td>
<td></td>
</tr>
</tbody>
</table>

Notes: ** p-value < 0.01; *** p-value < 0.05;
Control variables: Distance from the store, Gender, Ethnic Background, Income.

4.3. The role of market structure

The moderating role of market structure was assessed through multi-group SEM analysis. Given metric invariance, structural invariance was tested by constraining all paths to be equal across the two samples. According to the Chi-square difference test, the unconstrained and constrained models were statistically different ($\Delta \chi^2(\text{df}) = 59.350(31)$, $p<0.05$), supporting the moderating role of market structure. To determine which paths were significantly different across the two groups, the Chi-square difference test was applied by constraining each path one-by-one (Table 2). Results showed that the only relationship moderated by market structure was the one between SE and SC ($\Delta \chi^2=25.582$, $p<0.05$), which is significantly stronger in Italy (H5c supported).

Table 2 - Market Structure Moderation Effects

<table>
<thead>
<tr>
<th></th>
<th>Australia</th>
<th>Italy</th>
<th>$\Delta \chi^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>S.E.</td>
<td>C.R.</td>
</tr>
<tr>
<td>SE → FC</td>
<td>0.143</td>
<td>0.078</td>
<td>1.842</td>
</tr>
<tr>
<td>SE → AA</td>
<td>-0.300</td>
<td>0.079</td>
<td>-3.781</td>
</tr>
<tr>
<td>SE → SC</td>
<td>0.241</td>
<td>0.089</td>
<td>2.706</td>
</tr>
<tr>
<td>SC → FC</td>
<td>0.170</td>
<td>0.066</td>
<td>2.594</td>
</tr>
<tr>
<td>SC → AA</td>
<td>-0.212</td>
<td>0.066</td>
<td>-3.231</td>
</tr>
<tr>
<td>DS</td>
<td>-0.129</td>
<td>0.059</td>
<td>-2.207</td>
</tr>
</tbody>
</table>
Although the impact of SE on FC and on AA is not significantly different between the two samples (H5a and H5b rejected), it is worth noting that the relationship between SE and FC is significant in Italy and non-significant in Australia. Further analysis showed that the relationship between SE and FC in Australia was fully mediated by SC, whereas in Italy it was partially. Similarly, the relationship between SE and AA was partially mediated by SC in Australia and not mediated in Italy, due to the non-significant impact of SC on AA (Table 2).

5.0 Discussion and Conclusions

This study shows how different market structures can influence consumers’ perceptions and evaluations of stores stemming from environmental and atmospheric cues. Servicescape shows a positive effect on self-congruity and functional congruity, with a greater impact on the former than on the latter. In particular the effect on self-congruity is amplified when considering fragmented markets. It is believed the information overload experienced by customers in these markets leads them to be more sensitive to symbolic cues conveyed through servicescape when shaping their overall evaluation of a store. Improving the servicescape experience represents a way to reduce the attractiveness of alternatives available in the market. In the proposed model, self-congruity plays a key role as a partial mediator of the relationships between servicescape, functional congruity and alternative attractiveness. In particular, it positively biases both functional congruity and alternative attractiveness. However, considering fragmented markets, self-congruity does not bias alternative attractiveness but still interacts together with servicescape in defining functional congruity. Thus, self-congruity seems not to be effective in reducing the appeal of competing stores in case of choice overload. Considering concentrated markets, the role of self-congruity is even more central to the development of positive perceptions related to the functional attributes of a store. As consumers in concentrated markets are exposed to fewer alternatives, they are able to compare competing stores on the basis of their utilitarian features. However, self-congruity still positively affects the evaluation of store functional attributes in concentrated markets. This study provides retailers with useful insights about the role of servicescape in communicating symbolic meanings that can enhance customer identification with a retailer. The interplay of servicescape and self-congruity represents an opportunity for retailers positively to bias store utilitarian perceptions and reduce the attractiveness of alternative options. The development of favourable cognitive responses represents the first step in positively influencing customer behavioural responses.

6.0 References


Shopping When Hungry: Factors Influencing the Healthfulness of Supermarket Baskets

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Abstract
In developed societies up to 60% of food consumed comes from supermarkets. A previous small-scale study showed that hunger levels could influence basket contents of supermarket shoppers. Fewer energy-dense foods were purchased between 1-4pm, compared to 4-7pm. The present study uses a larger sample of real purchase data (n=110 baskets with 951 items purchased) to validate the relationships between the shopping time (as a proxy for hunger) and basket contents. The results show that baskets of “hungry” shoppers contain only slightly (and non-significantly) fewer low-energy dense (healthy) foods, and the same amount of high-energy dense foods, compared to “full” shoppers. On the other hand, “hungry” (4-7pm) shoppers have significantly shorter shopping trips and smaller basket sizes. There is also no correlation between the hunger levels and the proportions of healthy/unhealthy items in baskets.

Key Words: Shopping basket, Calories, Supermarkets, Transaction Data, Obesity
Track: Retailing & Sales

Introduction
Obesity has been recognised as a global epidemic (Ng et al., 2014). Obesity rates have more than doubled in Australia over the last two decades, with recent estimates indicating that more than 60% of the adult population is overweight or obese, costing the Australian economy in excess of $58 billion per annum in medical and other costs (Access Economics, 2008). In essence, obesity is caused by energy intake from food exceeding the body’s requirement to meet its energy expenditure demands, with the excess energy intake being stored as fat.

In developed countries, the average person consumes roughly 60% of their total calories from foods prepared within the home that have been purchased at the supermarket (Cohen and Babey, 2012; Story et al., 2008). The Australian Guide to Healthy Eating (2013) recommends a high intake of foods which are low in calories and are nutrient rich, and that the intake of high calorie, nutrient poor foods be limited. This is because an increase in the consumption of high calorie-energy dense foods (such as chocolate and sweets) is more likely to lead to obesity, while the opposite is true for foods that are low in calories and energy density, such as fruits and vegetables (Roefs and Jansen, 2004).

How consumers choose food items in a supermarket may be influenced by a range of factors including brand awareness, price (Jetter and Cassady, 2006; Dickson and Sawyer, 1990), time pressure (Andrews and Currim, 2004; Sorensen, 2004), freshness (Piché and Garcia, 2001; Story et al., 2008), health considerations (Maubach, 2010; Wansink and Chandon, 2006), availability (Jetter and Cassady, 2006; Sorensen, 2004) and hunger (Mela, Aaron and Gatenby, 1997; Nederkoorn et al., 2009).

The influence of time of the day
A recent study suggested that the time of the day when people shop could influence the energy content of supermarket purchases due to differences in hunger status that occur throughout the day (Wansink and Tal, 2013). Wansink and Tal (2013) indicated shopper’s between 1-4pm were more likely to be less hungry (as this represents the immediate post-lunch period) than those who shopped between 4-7pm (before dinner). Wansink and Tal tested whether the purchases during the times they deemed as proxies for “hungry” and “full” conditions would have different calorie content. The first part of the study involved 68 fasted participants, half of whom were given food until they no longer felt hungry participating in a simulated grocery shopping task. The hungry participants chose a higher number of high calorie products, but there was no difference in the choice of low calorie products. The second part of Wansink and Tal’s (2013) study involved a field survey of 82 participants as they exited a grocery store. Purchases were categorised as having low or high calorie content across six food categories. Low energy content (i.e. low energy density) foods included fruits, vegetables and chicken breasts; while high calorie (i.e. high energy density) foods included candy, salty snacks, and red meats. Purchases made between 1-4pm and 4-7pm were evaluated. The results showed that shoppers in the hungry condition (4-7 pm) purchased fewer low calorie foods, than in the full condition (1-4 pm). However, there was no difference in the purchase of high calorie foods. Both parts of the Wansink and Tal (2013) study suggest that consumer food purchasing choices might be influenced by time of day, as a proxy for hunger status, with shoppers purchasing more high calorie foods or fewer low calorie foods when hungry. However, whether the findings of this study are generalizable to a free-living population is unclear as the first part of the study was performed under controlled conditions, and the second part of the study included only a relatively small sample. Furthermore, the shopper behaviour literature reports great variability in basket sizes (the number of items bought on a single shopping trip) which is driven by a number of factors, such as the nature of the shopping trip and the goal (Kahn and Schmittlein, 1989; Kollat and Willett, 1967), planned versus unplanned purchases (Granbois, 1968), and demographic characteristics. Wansink and Tal (2013) reported no difference in basket size between the “hungry” and “full” conditions in their laboratory-based study, which could be a function of a restricted range of products in the simulated shop, and similarity in the shopping “goal”. No basket size results for the field study were reported.

Time pressure during shopping might also influence purchasing behaviour as those who have limited time availability are less likely to search the aisles for particular products and often will purchase the first products that they see (Sorensen, 2004). Supermarkets tend to promote unhealthy foods over healthy foods and these promotions are usually placed in highly visible locations, such as end-of-aisle around the store perimeter (Thornton et al., 2012). Thus, it is important to understand whether there is any relationship between shopping trip duration and the calorie content of baskets.

The aim of the current research was to examine in detail the relationships between the time of day and healthfulness of supermarket purchases (i.e. proportion of high- and low- energy-dense foods), taking into account other potential influences such as respondent-confirmed hunger levels, BMI, basket size and time spent in-store on a larger sample of real supermarket purchase data. The specific research questions were:

**RQ1: Do hunger levels differ at different times of the day, specifically at the hypothesised “full” (1-4pm) and “hungry” (4-7pm) conditions?**

**RQ2: Do healthy weight shoppers and overweight/obese shoppers shop at different times of the day?**
RQ3: Do shoppers buy more items when they are considered to be “hungry” compared to when they are considered “full”?
RQ4: Do shoppers spend more time in store when they are considered to be “hungry” compared to when they are considered “full”?
RQ5: Do purchases made when “hungry” and “full” differ in terms of the purchasing of high- and low energy-dense foods?
RQ6: Does the proportion of high, and low energy-dense foods in baskets correspond with self-reported hunger levels?

Method

Hunger and weight status (body mass index, BMI) were assessed through mall-intercept interviews of 352 respondents in a supermarket during a three day (2 weekday & 1 weekend) period. The sampling method followed a systematic procedure (approach every 5th shopper); participation rate was 78%. The sample profile was comparable with the typical shopper population in Australia (female=72%, mean age=46) (Bailey, 2013). Self-reported hunger levels were assessed by asking shoppers, “On a scale of 1-10, how hungry do you feel right now?” and how long ago their last main meal was consumed. BMI was estimated from self-reported height and weight and calculated using the following formula:

\[ BMI = \frac{\text{weight (kg)}}{[\text{height (m)}]^2} \]

Copies of grocery shopping receipts were collected from a sub-set of the same sample (n=110) compromising a total of 951 purchases made between the hours of 9am-7pm. The time when the transaction was completed was used as the time of the shopping trip. The times of 1-4pm and 4-7pm were used as proxies for “full” and “hungry” conditions respectively, replicating Wansink and Tal’s classification. The total number of food items purchased in each transaction was recorded as basket size.

The descriptions of the purchased items, recoded automatically in the data as string variables, were manually coded by three coders for all food items using the Australian Government’s Guide to Healthy Eating (2013). Inter-coder reliability was checked between three coders (87% agreement) to ensure reliability of the coding procedure. The low energy-dense food categories included: fresh fruits, fresh vegetables, canned fruits, canned vegetables and frozen fruits & vegetables. The high energy-dense food categories included candy, chocolates, biscuits, potato crisps and cakes. Proportions of high- and low- energy dense foods were calculated as proportion of each food type out of the total food basket to control for differences in basket size due to non-food items being being excluded.

Results and Discussion

Self-reported hunger varied across time of day, with hunger being lower during the 1-4pm period compared with the 4-7pm time period (\(M = 4.21, SD = 2.79\) in “full” condition, and \(M = 5.74, SD = 2.78\) in “hungry” condition, ANOVA= \(p = 0.024\)), which was consistent with the proxies for hunger reported by Wansink and Tal (2013). Main meals were reported to occur around 12 noon for lunch and 7pm for dinner. Hunger level fluctuated around these times (Figure 1).

Figure 1. Hunger levels at different times of the day (n=352)
The majority of shoppers (49%) had a BMI of normal weight between 18.5-24.9. This is broadly representative of the higher socio-economic status of the area. At 10am shoppers had a slightly greater BMI 26.1 compared to the rest of the sample. This BMI could explain the increased hunger level at 10am (Figure 1) as the overweight respondents could have skipped breakfast and headed to the supermarket (Wyatt et al., 2002).

**Figure 2. BMI of shoppers at different times of the day (n=352)**

49% of respondents had a BMI of normal weight

Shoppers who shopped at hours when they were more likely to be hungry tended to buy fewer food items compared with shoppers who shopped when they were less likely to be hungry ($M =25.05, SD=10.22$ between 1-4pm, and $M =23.43, SD=11.76$ between 4-7pm, ANOVA = $p =0.030$; Figure 3). Also, during the 4-7pm (hungry) condition shoppers purchased fewer low-energy foods.

**Figure 3: Average number of food items in baskets at 1-4 pm vs 4-7pm (n=50)**

Shoppers in the ‘hungry’ condition have, on average, two less low energy food items

The observed difference in the number of items purchased, primarily came from the dry/canned goods departments of the store (Table 1). Dry goods were predominately located inside the inner aisles. Therefore, between the hours of 4-7pm, shoppers appear to visit these aisles less. This could possibly be because of shoppers at that time (after work, before dinner)
being under time pressure, so they stick to the outer perimeter of the store, also known as the racetrack (Sorensen, 2011) (where most commonly purchased items are located – milk, bread).

Table 1: Low-energy food item purchases as a percentage of total food item purchases during times when hungry and full

<table>
<thead>
<tr>
<th>Store Department</th>
<th>Hungry 1-4PM (n=273) %</th>
<th>Full 4-7PM (n=155) %</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meat</td>
<td>16</td>
<td>21</td>
<td>5</td>
</tr>
<tr>
<td>Dry Goods</td>
<td>39</td>
<td>18</td>
<td>21</td>
</tr>
<tr>
<td>Produce</td>
<td>22</td>
<td>28</td>
<td>6</td>
</tr>
<tr>
<td>Dairy</td>
<td>17</td>
<td>21</td>
<td>4</td>
</tr>
<tr>
<td>Bread</td>
<td>6</td>
<td>11</td>
<td>5</td>
</tr>
</tbody>
</table>

Dry Goods contributed to the decrease in basket size

Shopping trip duration also differed between the two time periods, with the duration being significantly shorter between 4-7 pm compared with 1-4 pm (ANOVA, p=.033, 4-7 pm M = 18:08, SD = 13:00, vs 1-4pm M = 30:26, SD = 23:04).

The proportion of high-energy dense foods was similar in both conditions (30% at 1-4pm and 27.5% at 4-7pm, non-significant). The proportion of low-energy dense foods was slightly lower in the 4-7pm (66.6% vs 63.6%), but not significant (p= 0.25).

There was no relationship between self-reported hunger levels and the proportion of low or high energy dense foods purchased (Pearson correlation r_{low}(47) =.23, p=.113, r_{high}(38) =-.19, p=.248, Figure 4), thus refuting Wansink and Tal’s explanation for the link between healthfulness of basket contents and hunger status.

Figure 4: Relationships between self-reported hunger and proportions of low and high-energy foods purchased

The proportion of food items in shopper baskets doesn’t correspond with the stated hunger levels

Conclusions, Limitations and Future Research
The present study suggests that there is no evidence to support the concept that hungry shoppers buy more unhealthy foods, but it does suggest that they buy fewer particularly dry goods (healthy) foods. Additionally, there is no evidence to suggest that hungry shoppers purchase more food items. Furthermore, the smaller basket size and shorter trip time of “hungry” (i.e. 4-7pm) shoppers indicate that time pressure and situational factors have a large role in determining what is purchased. It appears, shoppers who were under time pressure at these later hours of the day were less likely to enter the aisles. Items found in the aisles were that of low-energy density, hence the decrease in purchases. High-energy items, usually found in high traffic locations, such as end-of-aisle (along the perimeter of the store) were purchased at the same rate, even under the time pressure (Thornton et al., 2012). Regardless of time classification, there was a very minimal relationship between self-reported hunger levels and the proportion of low or high-energy dense foods in baskets. This suggests health practitioners need to focus on trying to change overweight shoppers behaviour via the use of a shopping lists and planning the shopping trip, rather than telling shoppers to simply not shop when hungry as it is those who are under time pressure that purchase more high-energy dense foods.

We acknowledge a key limitation of a self-selection bias underrepresenting smaller shopping trips that were less likely to have a receipt and the healthy shopper sample which may not be generalisable to the whole shopper population.

Other factors influencing purchases, such as presence of others, demographic and budget constrains could also be explored as potential influencers on healthfulness of supermarket baskets. The factors about the stores, its location and neighbouring stores (such a green grocers) should also be considered in future research. An attempt should also be made to cover a wider range and number of stores.

References


RETAILING AND SALES ABSTRACTS
Is there Value in Abundance?
Assessment Orientations Increase the Valuation of Choices in Large Assortments

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Abstract

Present-day retailers are burdened with the cost of ever-expanding product assortments while not knowing whether these actually result in higher customer valuation. This research instigates how the perceived value of product choices depends on the interaction between the size of a retailer’s assortment and customer’s assessment orientation. We discuss the ambiguity of assortment size in the literature (whether large or small assortments create the most value) and demonstrate that customers’ perceived product valuation in small and large assortments depends on their assessment orientation. In two experiments we illustrate the reliability of assortment-assessment fit effect. We show that this effect holds when assessment orientations are primed, such as for example in an advertisement, or measured like in a market research surveys on a company website.

Keywords: Assessment orientations, Large Assortments, Regulatory fit

Track: Retailing and Sales
The Reciprocal Relationship of Perceived Value and Retail Brand Equity: A Study in Fashion and Grocery Retailing

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Abstract

The importance of consumer-based retail brand equity and perceived value (i.e., hedonic and utilitarian value) rests on the ability of a retail firm to alter shopper reactions and behavior. However, there is an increasing need for reciprocal models to assess the influence of both retail brand equity and perceived value on consumer behavior. This article describes the results of cross-lagged structural equation models based on two studies with longitudinal designs in two major retail sectors. The results suggest varying conclusions for unidirectional versus reciprocal paths and suggest unequal mechanisms with regard to how brand equity and utilitarian versus hedonic value influence store loyalty in fashion retailing and grocery retailing.

Keywords: Reciprocity; Perceived value; Retail brand equity; Fashion and grocery retailing

Track: Retailing and Sales
Product brand discontinuations are inevitable as retailers and manufacturers are faced with introducing new brands whilst vying for limited shelf space. Sometimes brands are discontinued and replaced by the same product but in a re-branded form. Understanding consumer responses to a discontinuation as a result of a re-branding strategy has not previously been addressed. We examine shoppers’ responses (switching behaviour and impact on sales) to a preferred-brand discontinuation and subsequent replacement by essentially the same product re-branded. A natural experiment is conducted using scanner data obtained from a supermarket chain. Although the majority of shoppers of the discontinued brand switch to products with similar attributes there is a strong negative effect for the manufacturer as shoppers buy less of the re-branded product. There is also a significant decrease in the overall category sales, detrimentally affecting the retailer.

Keywords: preferred-brand discontinuation, switching behaviour, scanner data, re-branding, supermarket

Track: Retailing
Country-Of-Origin or the Store Image: What Influences Store Brand Evaluation and Intention for Young Korean Consumers?

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Abstract

Store brands are increasingly sourced globally however there is generally a lack of knowledge of what the competing effects two key extrinsic cues, country of origin (COO), and its dimensions, and store image, have on consumer product evaluations and purchase intentions. Using young Korean consumer sample we test these relationships using a survey and experimental methodology. Our results suggest that COO is a cognitive extrinsic cue with a direct relationship on product evaluations whereas store image is an affective cue with a direct relationship with purchase intentions. Of the COO dimensions, the country of the technology is the only cue that has an effect on both product evaluations and purchase intentions while the country of manufacture is a strong cue on product evaluation when the store image is low, but diminishes when the store image gets higher. The characteristics of the Korean sample are used to explain the results.

Keywords: Country of origin; Store image; Store brands; Young Korean consumers

Track: Retailing and Sales
INTERNATIONAL MARKETING
FULL PAPERS
Coming to grips with ethics in international marketing

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Abstract
Much of the research in marketing ethics is done in one jurisdiction within a homogeneous culture. Most of the time, one focused on the relationship between a firm and its customers, concerning issues related to product, price, promotion or distribution. With the emergence of interdependent global value chain networks it has become apparent that we need to expand our unit of analysis. We also need to move from a culturally dependent set of ethical guidelines, to a more universal set of ethical principles. Given the enormous discrepancy of quality of life present in these networks, we must question the adequacy of the institutions, which surround the exchanges between the participants in these networks as well as affected stake-holders. The purpose of this paper is to present a set of perspectives from which we may investigate the goodness of the institutions surrounding exchanges in international value creation networks.

Keywords: ethics, international marketing, value chain networks
Track: International Marketing or Sustainable Marketing

Institutions
Institutions consist of the norms, value, laws and regulations in a jurisdiction (North 1990). These are the traffic rules of behavior that surround us as individuals or as organizations. It is useful to look at institutions at three different levels. Micro institutions are the norms and values present in a culture, what is expected and approved behavior and what is not. Mezzo institutions consist of the laws and regulations in a jurisdiction. In democracies, these pretty much reflect the values of the culture, however, in many countries, this is not the case, in part due to corruption and lack of democracy. Macro institutions are the international traffic rules of behavior when it comes to economic and political relationships between countries. Institutions are specific to a certain time and a certain place. It is not always the case that the current institutions result in good outcomes for affected parties. Discrimination based on race and gender was acceptable in the culture as well as by laws and regulations, e.g. in the USA back in 1850 or in Afghanistan, now. Most of the time one does not question the institutional framework surrounding exchanges in ones own culture. The transactions seem normal and reasonable to people raised in the same culture. They have the same definition of right and wrong and similar expectations attached to how markets are supposed to work. Over the years, questions have been raised about marketing practices that seemed to favor the sellers over the buyers, which developed into the consumer movement of the 1960’s. It sought to empower the consumers in a rather asymmetric relationship with the business community. The cultural norms and values (micro institutions) changed first and then the laws and regulations (mezzo institutions) followed, thanks to the initiatives of people like President Kennedy’s (1962) consumer bill of rights, Ralph Nader’s (1965) “Unsafe at any Speed” and David Caplovitz (1967) “The Poor Pay More”. This resulted in a series of laws and regulations protecting the consumers’ interests. Adversely affected third parties also came into focus as one sought to combat some of the negative externalities of economic activities after world war two with a variety of laws in different areas. The responsibility for dealing with some of these problems given to The Environmental Protection Agency, established in 1970 as proposed by President Nixon. The value chains of the 1960’s were mostly domestic and all the affected parties were subject to the same institutional framework. Important moral
questions had been raised in previous centuries regarding the international trade in coffee (Douwes 1860) and triangle trade of industrial goods from Europe to Africa, slaves from Africa across the Atlantic and then cotton and sugar from the new world to Europe. As we move into the recent decades, much of the industrial production has been moved from the developed countries to the developing countries for many consumer goods. It seems that the big box stores like Walmart have relatively few products produced in Europe or North America. Most of the value chains for consumer goods span multiple international jurisdictions and are not subject to the same set of institutions. Figure 1 below depicts a short value chain spanning three jurisdictions with three different micro and mezzo institutions along with some important stake-holders.

Figure 1: An international value chain network

In this hypothetical value chain, we have three jurisdictions and two exchanges that are facilitated on the way from manufacturer to the end user. The micro institutions (=culture) and the mezzo institutions (=laws and regulations) governing these exchanges can be quite different. Exchanges may take place on terms, which do not promote flourishing lives for the parties affected by the transactions. The societal marketing concept asks us to achieve customer satisfaction through a profitable operation in a socially responsible manner. Being socially responsible implies looking out for all affected parties, all the stake-holders, up and down the value chain network.

Flourishing for ALL

It is beyond the scope of this paper to elaborate on the purpose of ethics as a discipline, so for our purposes we will just use Aristotle’s (350 bc) ideas that the purpose of ethics is to promote “flourishing lives” for all, anywhere and at any time, including the affected stake holders in our value chain networks. We must therefore not be afraid to question our conventions; question the current institutions, to see if they promote flourishing for affected parties. It can be a difficult and unpopular project. Brave suffragettes and the champions of the civil rights movement incurred great personal costs as they challenged the discriminatory conventions that “everybody” supported at the time. What should be the basis for judging the goodness of these exchanges? Is it enough that they are profitable for a firm, or do we need to look beyond the firm’s interest?

According to Kohlberg’s (1977) thesis on moral maturity, the most primitive stage is a pre-conventional cost/benefit focus on ME and my well-being, a form of selfish individualism. The business text books seem to rely heavily on cost/benefit analysis, which may not always promote flourishing for all affected parties. This can be followed by a conventional stage with a focus on US — abiding by local conventions (micro institutions) with focus on my family, my organization or my country. The final stage of moral maturity is,
the post-conventional stage, which implies a set of universal principles, or hyper-norms, which focuses on the well being of ALL. These very basic ethical principles, or hyper norms, will trump institutions, which are at not in compliance. This is similar to J S Mill’s (1863) wish to maximize the happiness for the whole sentient creation, or the Rawlsian (1971) conception of Justice conceived in the original position under a veil of ignorance. This is also in line with the ideas from Vilfredo Pareto (1897) stipulating that an exchange should take place as long as one of the parties is better off without making anyone else worse off. This also points in the direction of the issues raised by the Brundtland commission (1987) in the UN about environmental sustainability – later extended to include both social and economic sustainability. Add to this, Kant’s (1785) requirement that you must allow for the decision rule that you follow to become a universal law without contradiction.

As professors we sometimes fail to question (normal) business practices and when we do, we often take a relatively narrow point of view. We seem to accept the verdict of supply and demand or the results of a cost/benefit analysis without looking at all the different forces at work in a market, or studying third parties affected by business transactions. We often use our culturally anchored conscience (= what is normal) in the US or Europe, as a basis for studying factors inside the organization (work conditions, non-discrimination, living wage) or factors in its immediate environment (relationship to customers, competitors, the legal environment, stock holders and perhaps the local media). Business professors who express concern for possible malign consequences of conventional business practices may be accused of contempt for the business community they are supposed to serve. This is the nature of ethical analysis; questioning conventions is seldom a welcome activity in its time. We need to look beyond the firm to the possible consequences of our exchanges on ALL affected parties.

Managers may look at ethics motivated by a desire to avoid problems, which may hurt the organization and its reputation (brands) such as bad press, lawsuits or consumer boycotts resulting in declining sales. This makes sense given the fiduciary responsibility to the owners of the organization, at least in the short run. However, in the long run, making sure all affected parties get to lead flourishing lives will most likely be in the interests of the owners as well. A Freeman (2014) “serve the stakeholders” perspective and a Friedman (1970) “serve the owners” perspective may result in the same recommendations over time. The owners cannot prosper if other stakeholders suffer, in the long run.

Law-makers and regulators create the mezzo institutions in a given jurisdiction. In a democracy, politicians are subject to short term and narrow incentives as they set policies/design mezzo institutions for economic activities. They face the short-term election cycles, and depend on a small constituency in their districts. They are not likely to be too interested in principled ethics as that may end up hurting their constituents and reduce the chances of reelection. It is their job to serve their districts – and not look out for ALL affected parties of their policies. Affected residents of other countries or future generations cannot vote in the next election. The number of voters behind each legislator in the US Congress is small and even smaller in other countries. However, only about 26 countries are considered true democracies in a study by the Economist (2011). Many of the other 175 or so countries have politicians who are more concerned about their own power and welfare than that of their constituents. The majority of the countries represented in the UN are thoroughly corrupt according to Transparency International (2012). There is not much hope that those responsible for designing a set of institutions, nationally or internationally will actually seek to promote flourishing lives ALL. Many international value chains cross jurisdictions that are far from being democratic or corruption free, thus possibly facing inadequate institutions along the way. Concern for ALL rather than concern for ME may be the difference between a
politician and a statesman. The ideals of good statesmanship was penned by Abraham Lincoln (1861) some 150 years ago:

“This is essentially a People's contest.... it is a struggle for maintaining in the world, that form, and substance of government, whose leading object is, to elevate the condition of men to lift artificial weights from all shoulders---to clear the paths of laudable pursuit for all---to afford all an unfettered start, and a fair chance, in the race of life. Yielding to partial, and temporary departures, from necessity, this is the leading object of the government for whose existence we contend.” (Lincoln 1861)

It is clear that the majority of people in the world do not seem to have a fair chance, in the race of life; access to what one might consider the basic necessities, such as a reliable food supply, basic shelter, basic medical services, access to education and absence of discrimination. We know that a benign set of institutions can help create societies in which these shortcomings are remedied. As marketers, we may have a choice in the way we facilitate exchanges in countries with inadequate institutions.

Marketing finds itself at the core of our analysis, namely the exchanges we facilitate (Bagozzi 1975) and the terms on which exchanges take place; what are the institutions surrounding the exchanges that we promote? It is the job of marketers to facilitate benign exchanges between two or more parties; be it for profit or non-profit organizations, with consumers, clients or customers, or with governments. Ethical problems often arise in the relationship with local governments when it comes to inadequate institutions, such as lack of transparency, corruption, misuse of government funds, sale of natural resources, inadequate legal framework, poor protection of individual rights, absence of institutions to protect well functioning markets and the like. Poor governance is highly correlated with poverty, so abiding by local mezzo institutions can be a problem. How can we know if we are facing inadequate institutions as we seek to facilitate exchanges?

A Justice perspective

This calls for an analysis of the exchanges that marketers facilitate in these complex international value chains. Do the institutions we are about to follow promote flourishing lives for affected parties? For the purpose of evaluating the goodness of institutions, we will take a closer look at the Justice perspective to universal ethics, extending John Rawls (1971) Theory of Justice conceived in “the original position under a veil of ignorance”. This insures that the institutions conceived under a veil of ignorance will be such that one would accept them no matter what life one got to live, i.e. promoting flourishing lives for ALL. This meets Kant’s requirement that one “allows for the decision rule that you follow to become a universal law without contradiction”. Rawls did not intend for his framework to be used internationally – across cultures. However, with some modifications it seems to work quite well.

Briefly described, Justice can be seen as containing three fundamental principles (Falkenberg 1996). The first principle argues that “in the original position under a veil of ignorance”, one would prioritize life over non-life; i.e. survival, which implies comprehensive sustainability (economic, social and environmental sustainability) across generations (hand-over) and access to the resources, capabilities and arenas to secure a minimum of health, nutrition, education as well as maintenance of ones dignity and integrity. This is similar to Laczniak and Kennedy’s (2012) second hyper-norm about comprehensive sustainability. The second principle emphasizes equal moral value for all regardless of who one is, with maximum freedom given equal freedom for all. One may only be treated differently based on what one does, and not based on who one is; i.e. non-discrimination as “all are created equal”.
The freedom part of the second principle implies equal access to and fair promotion in all the arenas of life to ensure the needed functionings as Amartya Sen’s (1993) perspective might require. Finally, the third principle is directly from Rawls (1971), namely the maxi-min principle stating that inequalities in index goods should be arranged so that those with the least, get as much as possible. The marginal utility of money is greatest for those with the least. This should help insure access to some basic resources needed to enter different arenas. We are not doing too well with the maxi-min principle. This allows us to look at the degree to which local cultures, laws and regulations do promote flourishing lives for all.

Responsibility and Power

The next question is if I as a CEO of an organization can be morally responsible for what happens in the value chain up-stream or down-stream? There are two answers to this. The Friedman answer would be that if the profits are threatened by adverse publicity e.g. from problems at an out sourced production facility, one had better pay attention and try to remedy the problem. Nike and Apple have been subject to such criticism. The other answer is that one should do what is right for its own sake even if no-one is watching. The next question is if you are responsible for what happens up or down the value chain? Morally you are responsible for what you have done and what you have failed to do. Being response-able depends on the power you may have to change the behavior of others. By placing a big order with a supplier, you will change the supplier’s behavior, who may undertake investments in plant and equipment and make sure that your products are produced to your exact requirements. In the same contract, you can include provisions, which stipulate working conditions, pay levels, pollution, non-discrimination, non-corruption and the like. This is not always an easy problem. You could end up violating the conventions of the local culture, or even break the local laws. This was the case for firms who broke the laws and did not discriminate between races in apartheid South Africa. So “when in Rome, should I do as the Romans do?” It is ok to follow local customs as long as it does not violate basic ethical principles, as those presented for Justice above. We need to look out for ALL. To make it even more complicated, many countries have great laws, but tend to ignore them in practice. Corruption is not legal anywhere as far as I know, but it is practiced widely. Child labor laws are also in existence in most countries, but they are often ignored. So if as a result of an ethical analysis you find that the institutions you are about to follow are inadequate (fail to promote flourishing lives for affected parties) you may need to consider “benign civil obedience” or even “voice and/or exit”.

Conclusion

The framework presented can be applied to a number of marketing problems, such as Shell in Nigeria, H&M in Cambodia, Nestlé’s infant formula, oil exploration in Angola and Sudan, African land sales to Saudi Arabia and China, slave labor in India and Italy, corruption in the Ukraine, mining in Australia and Canada… There is no shortage of problems.

In a short paper like this, many questions remain unanswered as pointed out by helpful reviewers: How does a firm coordinate the various demands presented by the different jurisdictions in one value chain? Do different hyper norms suggest different acts that are incongruous? Is it possible to coordinate the expectations of different stake-holders in different jurisdictions? Are there forms of corruption that are accepted in a culture as a benign institution or is it similar to gender discrimination: accepted by the culture yet a violation of a hyper norm? In the case of bribery, it is an impediment to an efficient and effective market and thus a deviation of a meritocratic set of institutions.
Answering these questions and applying the framework will have to be the subject of future papers.

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How Can Cultural Values Influence The Effectiveness Of A Comparative Advertisement?

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Abstract

The increasing importance of comparative advertising in nowadays competing global marketplace requires immediate findings on how comparative advertising may be differently perceived by consumers across cultures. This study presents findings of an experiment designed to determine links between national culture and comparative advertising effectiveness. Using subjects from the UK and Greece, this study investigated the impact of the cultural context of communication (low vs. high), uncertainty avoidance (low vs. high), and individualism (vs. collectivism) on the effectiveness of comparative ads across cultures. Qualitative and quantitative data gathered from British and Greek consumers were analysed as a cross-cultural comparative study. Forty three exploratory interviews and an extensive experimental study with 820 participants confirmed the research propositions of this study by indicating the role of the cultural context of communication, of uncertainty avoidance and of individualism for the effectiveness of comparative advertising.

Keywords: comparative advertising, cultural values, effectiveness.

Track: International Marketing
BACKGROUND OF THE STUDY

Culture plays a vital role for advertising effectiveness, thus it is not a surprise that so much research has been conducted on cultural values (Arnould & Thompson, 2005; Hatzithomas et al., 2011; Hoeken et al., 2003; Miracle et al., 1992). Similarly, factors that may influence comparative advertising effectiveness have been well-discussed in previous studies (Barrio-Garcia & Luque-Martinez, 2003; Barry, 1993; Chang, 2007; Droge, 1989). Yet, researchers are still struggling to come to an agreement regarding what influences the effectiveness of comparative advertising when used in different cultural contexts. This study extends the research by conceptually building upon low- vs. high-context communication cultures, uncertainty avoidance (low vs. high), and individualism (vs. collectivism) as key factors influencing the effectiveness of comparative ads across different cultures. This study also empirically validates the conceptual propositions via a cross-cultural comparative study between the UK and Greece.

CULTURAL VALUES AND COMPARATIVE ADVERTISING

Cultural values and beliefs influence consumer behaviour and attitudes towards advertising (Jeon & Beatty, 2002). According to Schwaiger et al. (2007, p.2) ‘while information tends to be culturally neutral, the way it is generally presented is not’. Consumers recognise personal and social characteristics of their lives and activities in the ads due to specific symbols or attitudes described in them (Arnould & Thompson, 2005) and, likewise, advertising adheres to the values of a given society in order to make the advertised products more appealing to the consumers (Teng & Laroche, 2006).

As far as comparative advertising is concerned, comparing a product with the product of a named competitor implying the inferiority of the latter – that is, comparative advertising – may be perceived as an offensive or inappropriate advertising practice in certain cultural contexts (Choi & Miracle, 2004; Schwaiger et al., 2007). Additionally, from a cultural perspective ‘comparative advertising is an example of individualistic, low-context communication, which is found to be pushy and aggressive (negative evaluation) or informative (positive evaluation), depending on the culture of the audience’ (Choi & Miracle, 2004, p.76). As such, the conflicting nature of comparative advertising is likely to lead some consumer groups to believe that comparisons in advertising are part of an unfair or unethical competition between brands (Nye et al., 2008; Shao et al., 2004).

This study presents three cultural values as key factors influencing the way consumers perceive comparative ads. Firstly, according to Grewal et al., (1997) and to Shao et al., (2004), the cultural context of communication (low vs. high) among cultures plays a significant role in the persuasion effect of comparative advertising. Particularly, in low-context cultures, where communication takes place in a more explicit way and relies on formally and directly expressed phrases (Simintiras & Thomas, 1998), comparative advertising is more appealing as it provides explicitly named claims (Donthu, 1998; Shao et al., 2004; Taylor et al., 2000). In addition, in low-context cultures, direct comparisons in advertising are more effective than indirect ones (Jeon & Beatty, 2002; Miracle et al., 1992). In contrast, in high-context cultures, where explicit and direct phrasing is not welcomed (Donthu, 1998; Shao et al., 2004, Taylor et al., 2000), comparative advertising is expected to face implementation difficulties, and comparative claims may not be successfully addressed (Kalro et al., 2009).
Secondly, uncertainty avoidance (low vs. high) is another cultural value that can influence comparative advertising effectiveness. Uncertainty avoidance indicates ‘the extent to which people are threatened by uncertain, unknown or unstructured situations’ (Drogendijk & Slangen, 2006, p.363). Societies high in uncertainty avoidance tend to follow rules and instructions and prefer stable situations over time (Hofstede, 2001). In contrast, in low uncertainty avoidance cultures, people are more willing to take risks and they are welcoming new ideas. In marketing and advertising, this dimension is linked to concepts of innovation, familiarity and loyalty (McSweeney, 2002). As such, in cultures high in uncertainty avoidance, consumers may negatively react to the introduction of new advertising concepts (Kashima et al., 1995); this is usually related to feelings of fear or aggressiveness against situations that are unknown or uncertain (Drogendijk & Slangen, 2006). In addition, the more the uncertainty avoidance of a population, the less likely it is for them to trust advertising claims (Hofstede, 2001; Matzler et al., 2008).

As a result, it is expected that in countries high in uncertainty avoidance the introduction of comparative ads cannot be automatically considered to be effective; it needs time to become fully accepted. In contrast, in low uncertainty avoidance cultures, where innovative steps are easier assimilated, consumers are expected to respond more positively to comparative appeals. Consequently, comparative advertising is likely to be more effective in cultures low (vs. high) in uncertainty avoidance (Author’s own, 2014).

Thirdly, individualism (vs. collectivism) can also affect the way consumers perceive comparative ads. Individualism reflects the extent to which a society emphasizes the role of the individual rather than the role of the group (Hofstede, 2001). In individualistic societies the values of freedom and independence are highly reflected in most aspects of life and, accordingly, embodied in advertising. For example, in the individualistic U.S. consumers are attracted more by ads that display goods for personal use and draw attention to the unique or distinct characteristics of one’s personality (Teng & Laroche, 2006). In contrast, in the collectivistic China advertising concepts are more appealing when emphasizing on team goals (Aaker & Schmitt, 2001). Consequently, comparative advertising, which is an example of an individualistic ad type (Choi & Miracle, 2004), is expected to be more effective in an individualistic (vs. collectivistic) cultural environment.

To sum up, this study argues that three cultural values are expected to significantly influence comparative advertising effectiveness. The cultural context of communication (low vs. high), uncertainty avoidance (low vs. high), and individualism (vs. collectivism) seem to be key factors influencing the way comparative ads are perceived across cultures. It is suggested that comparative advertising will be more effective in low-context communication cultures, in cultures low in uncertainty avoidance, and in individualistic cultures (Author’s own, 2014).
RESEARCH METHODOLOGY

The research methodology of this study consists of three phases: exploratory interviews (Greece), a pilot study (UK and Greece), and an experimental study (UK and Greece). The selection of this pair of countries was made in accordance with four main factors: (1) the intense contrast in the usage of comparative advertising between these two countries, (2) the sharp cultural differences between them, (3) that they both belong to E.U. and, thus, adhere to equivalent E.U. legislation about comparative advertising (this ensures compatibility in research), and (4) their distinct differences in the three cultural values under examination – specifically, according to Hofstede’s index UK has a low-context communication culture with a low score (35) in uncertainty avoidance and a high score (89) in individualism, while Greece has a high-context communication culture with a high score (112) in uncertainty avoidance and a low score (35) in individualism. According to the research propositions, as discussed above, a comparative study between the UK and Greece could demonstrate major differences in the effectiveness of comparative ads in these countries (i.e. comparative ads are expected to be very effective in the UK but not in Greece).

The selection of mixed methods for this study enabled both to count and to evaluate responses (Chivers, 2003). Additionally, the exploratory nature of the interviews provided further support to the development of the conceptual framework by disclosing real market data (Blumberg et al., 2008, p.248), which informed the design of the main experiment. More specifically, forty three exploratory interviews provided primary qualitative data on consumers’ understanding and perceptions about comparative advertising. The interviews were conducted in Crete, Greece, in several areas where large shopping stores are located, ensuring great range of demographics in the sample (Cunliffe, 2010). (Primary qualitative data collection did not deem essential in the UK due to abundant information available from previous studies conducted in the UK.) Participants were recruited through convenient qualitative sampling, which is consistent with the exploratory nature of this part of the research (Rubin & Rubin, 2012). All interview data were voice-recorded, translated to English, transcribed and inserted into computer based software (N-Vivo9) for analysis and coding. All responses were treated as primary data collected in an inductive manner.

The materials used in the main experimental study (e.g. ads and scales) were initially pre-tested in a pilot study. Subsequently, the experimental study addressed all research questions. The experiment was conducted online and performed by Qualtrics aiming at capturing consumer attitudes in a ‘real-life environment’. 820 students (375 British and 445 Greeks) from 145 Departments and Student Unions of more than 60 British and Greek Universities were recruited to participate in the experiment. Data collection took place between April 2013 and September 2013. Each student was randomly assigned to one experimental condition (i.e. seven different ads per country were created manipulating features of the ad to diminish side effects). The advertised product was an eBook reader, which is commonly purchased by University students, and similarly available and desirable in both countries. All scale items were rated on a seven-point Liked scale. Comparative advertising effectiveness was measured including cognitive (message believability and perceptions of manipulative intent), affective (ad and brand evaluations) and conative (purchase intentions) variables (Grewal et al., 1997).
RESEARCH FINDINGS
Analysis of the interview data confirmed that Greece is still a collectivistic, high-context communication culture, high in uncertainty avoidance. Social norms do not change easily (Janet, 2010) and consumer behaviour takes time to adjust to new developments (Thorne-LeClair, 2000). In consistence with literature, Greeks belong to a conservative society where changes are dealt with cautiousness (Drogendijk & Slangen, 2006). Despite western influences, which penetrate Greece in the latest years (Lysonski et al., 2004), and although many Greek consumers have become familiar with comparative ads, comparative advertising is not really effective in Greece.

More specifically, the interviewees claimed that comparative advertising is ‘inappropriate’, ‘unethical’ and ‘offensive’, and that the brands, which use the trade mark of a competitor in their ads, are ‘immoral’, ‘unprofessional’ or ‘manipulative’ (all quotes original). In consistence with the propositions of this study, the Greek collectivistic and high-context communication culture prevents comparative advertising from being positively evaluated in Greece. Interview findings also suggested that the introduction of comparative advertising in Greece in 2007 has yet to receive the approval of the uncertainty avoiding Greek consumers.

Multivariate data analysis of the experimental study further confirmed research propositions about the role of culture for comparative advertising effectiveness. Findings revealed that consumers in the UK are more likely to believe comparative claims and less likely to perceive manipulative intent in comparative ads than consumers in Greece. More specifically, British participants (vs. Greek participants) who were exposed to a comparative ad were significantly more likely to believe comparative claims (M=5.93 vs. M=5.53, p=0.003) and significantly less likely to perceive manipulative intent in comparative advertising (M=4.04 vs. M=4.48, p<0.001).

The study provided further interesting insights (e.g. consumer attitudes and purchase intention), which could be discussed in the conference. The conceptual development of this study, as well as the empirical data, which were gathered in a cross-cultural comparative way, provided clear evidence of the importance of the cultural context of communication, of uncertainty avoidance, and of individualism for comparative advertising effectiveness. Findings contribute to existing cultural literature on comparative advertising effectiveness and offer interesting insights to academics and practitioners on how these cultural values may shape diverse responses to comparative advertising across cultures.

REFERENCE LIST


Should Foreign Brands Localise Their Packaging For Culturally Different Market? A Comparison Of Hedonic And Utilitarian Products

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Abstract
This study investigates whether foreign brands need to localise their packaging when they enter into a culturally different local market. Past studies on international marketing communications have investigated standardisation and localisation of messages in the context of advertising to culturally different consumers; none have examined this issue with packaging. This study extends past research by examining the differential effects of localisation on hedonic versus utilitarian products. The experiment used a 2 (product type: hedonic vs utilitarian) x 2 (product category) x 2 (packaging design: standard vs local) factorial design. The results show that for hedonic products, participants preferred the standard packaging and brand likeability is more positive for the brands packaged in their standard form. However, there were no significant differences in rating between standard and localised packaging likeability and brand likeability for utilitarian brands and a choice test also shows consistent results, except for milk brands.

Keywords: localisation, standardisation, hedonic brands, utilitarian brands, packaging likeability, brand likeability

Track: International Marketing

Introduction
As international marketers seek to find ways to influence consumer behaviour across cultures, the communicative role of packaging is becoming increasingly important. Yet, while much research has focused on international marketing of foreign brands (Samiee, Yip & Luk 2004; Zhou & Wong 2008), hardly any empirical research has examined the effects of localising or standardising the foreign brands’ packaging. This study examines whether localising foreign brands’ packaging may enhance its effectiveness in influencing consumer choice. This issue is crucial because packaging is the last point of contact before actual buying.

Particularly with packaging, considerable research has examined the impact of cues on packaging and brand evaluation for different cultural contexts (Underwood & Klein 2002; Clement 2007). These studies alluded to the effectiveness of cues such as symbols, colours, logos and labels in making packaging noticeable and influencing consumer purchase decisions (Bakar, Lee & Rungie 2013). Despite these studies on the effectiveness of cues in a packaging context, little contribution has been made regarding the differential effects of using foreign versus local cues on product packaging. As past studies show that the effects of cues may vary across product types (Leclerc, Schmitt & Dubé 1994), this study also investigates whether the effectiveness of packaging cues differ between hedonic and utilitarian products.

Conceptual Development
Product Packaging
Consumers often purchase products due to noticing the brand on store shelves (Sharp 2010), and packaging cues are a strategic method to attract consumer’s conscious awareness
and bias their preference to the products (Orth, Koenig & Firbasova 2007). Studies show that packaging cues can improve the packaging’s appeal and increase consumer attention and brand evaluation (Underwood & Klein 2001, 2002). For example, a survey of snack food purchase found that packaging ranked second behind taste in brand choice criteria (Speece 2005). Furthermore, 86% of the respondents were willing to pay a higher price for a nicer package, signalling the importance of packaging in consumer behaviour. Another study revealed that highly involved consumers evaluate message information provided on the package to justify the price charged (Vakratsas & Ambler 1999).

Importance of Standardisation versus Localisation in Consumer Culture

The issue regarding whether marketing approaches should be localised as international brands enter domestic markets continues to challenge both academics and managers (Okazaki 2004; Eckhardt 2005). Applied to packaging, a standardisation approach would mean that marketers should address areas of communality and maintain consistent a brand image by retaining the same packaging cues (e.g., shape, colour, symbols) (Herbeig 1998). Supporting this argument, a meta-analysis of 152 studies on the determinants of standardisation and localisation of international marketing strategies found no statistically significant differences in the influence of localisation (Cheon, Cho & Sutherland 2007). The authors concluded that firms are better off standardising their products, as a localisation strategy seems to provide no differentiation advantages.

By contrast, localisation rests on the assertion that marketers need to tailor marketing communication strategies according to the culture where products are sold (Okazaki 2004; Cheon, Cho & Sutherland 2007). Therefore, product packaging, via its cues, should be localised in order to best serve the local markets and gain competitive advantage (Herbeig 1998; Van Heerden, Van Heerden & Barter 2008). Consistent with this argument, research involving 500 UK based companies revealed that companies adopted localisation strategies for reasons such as culture, competition, and differences in sociological conditions (Vrontis 2005).

However, the above review also found that most studies regarding localisation versus standardisation are conceptual and lack empirical robustness to test their postulations in culturally different environment (Krolikowska & Kuenzel 2008). Furthermore, the studies mostly adopt a macro perspective and focus on market-level issues such as market-entry strategy (Vrontis & Kitchen 2005), role of culture (Van Heerden, Van Heerden & Barter 2008), and environmental factors (Theodosiou & Leonidou 2003). The issue of whether and under what conditions foreign brands should localise product packaging is yet to be explored empirically.

Cue retrieval and processing theory can also explain the packaging effectiveness of cues. The concepts of retrieval are fundamental to any theory of memory and help to identify factors that will influence accessibility of inputs. As consumers are cognitive misers in that they will not retrieve all possible information to make judgment, (Meyvis & Janiszewski 2004), they will first try to retrieve the most accessible information and then process the information by making associations that are based on their consumption motives and personal values. This means that the signalling function of cues increases the diagnostic value for packaging effectiveness (Erdem, Swait & Valenzuela 2006). However, as the next section explains, the potential effects of cues may also differ depending on the product types.

Differential Effects of Cues on Hedonic and Utilitarian Products
Hedonic consumption concerns emotive sensations, such as excitement or the feeling of fun, derived from experiencing a product such as chocolate fudge, fragrances and fashion items in contrast to products that serve functional purposes such as household cleaning products (Hirschman & Holbrook 1982). Advertising cues for hedonic and utilitarian products may not be equally effective. For example, a study shows that celebrity endorsements that effectively project trust and expertise for hedonic products might not work for utilitarian services (Stafford, Stafford & Day 2002). Underwood and Klein (2001) similarly show that while customised packaging positively affected consumers’ perceptions, choice was not equally strong for all product types. They found that for products with high experiential benefits (e.g., candy), consumers responded more favourably towards the packaging when a cue (pictures of a product) was present on the packaging. The authors argued that packages with pictures are more likeable, as imagery processing enhances the positive impact of pictures and also they are perceptually salient to grab the shopper’s attention.

The effects of verbal cues may also differ across product types (Solomon 1983; Leclerc, Schmitt & Dubé 1994). An experiment found that brands in French as opposed to in English were evaluated more positively for hedonic products, but the effects were weak for utilitarian products (Leclerc, Schmitt & Dubé 1994). Particularly in less affluent societies, consumption of foreign brands may symbolise a highly desirable social distinction, particularly with hedonic products (Arnold & Quelch 2012). For example, Coca-Cola’s motive to advertise in English despite the small number of English speakers in the targeted country (Romania) was intended to sell Coca-Cola as a status symbol of Western culture (Ger & Belk 1996). Summarising the above review, we therefore hypothesise:

**H1:** For a hedonic product, consumers would rate a) the brand packaging and b) the brand itself more positively if the packaging were kept foreign rather than localised.

**H1c:** For a hedonic product, consumers would choose the foreign packaging over the localised packaging.

**H2:** Between a foreign and a localised packaging of a utilitarian product, there are no differences in the rating of a) the brand packaging and b) the brand itself.

**H2c:** For a utilitarian product, there are no differences in consumer choice of foreign packaging versus localised packaging.

**Methodology**

Fifty students in a Pakistani university undertook a pre-test to identify suitable hedonic and utilitarian products. Rating a list of products on a 1-7 semantic differential scale, the pre-tests identified carbonated soft drinks and chips as hedonic products, and milk and water as utilitarian products. The main experiment used a 2 (product type: hedonic vs utilitarian) x 2 (packaging design: standard vs local) x 2 (product category) factorial design. In order to ensure external validity, we used popular brands that were readily available in Pakistani supermarkets. For hedonic products, the foreign brands were Coca Cola for soft drinks and Lays for chips. Similarly, the utilitarian brands were Nido powdered milk and Nestle bottled water. For each brand, two versions of packages were selected, one representing the standard packaging and the other localised packaging. Standard packaging of brands means the packaging is in English, which one would normally see in a Western market. Likewise, localised packaging was customised for the contextual market, Pakistan. The corresponding packaging was exactly identical in size, e.g., the cans of Coca Cola soft drinks in both versions of packaging were similar in size. All experimental factors were within-
subjects, except for packaging design, which was between-subjects in order to minimise the learning effects.

Undergraduate students in a major Pakistani university were randomly assigned to two groups. One group was exposed to all the brands in their standard packaging (n=220) and the other group was exposed to the same brands in their localised packaging (n=150). For each group, respondents rated packaging and brand likeability using a 7-point scale. They also answered whether they perceived the brand as either foreign or local, as well as how often they purchased the brands. Finally, respondents were exposed to both the standard and localised packaging of each brand and asked to choose the one they would prefer to buy. The choice task was identical for both groups. A filler task activity was placed between the rating and choice tasks in order to minimise learning effects. The filler task asked respondents to circle three products from a list of 10 products that they considered as most hedonic in nature.

Results

We first determined whether respondents were able to identify the foreign and local brands correctly. Results for a non-parametric test (p<.01) clearly indicated that consumers were able to correctly identify foreign and local brands, such as Coke (92%), Lays (79%), Nido milk (60%) and Nestle water (61%). As Table 1 shows, for hedonic products, participants liked the standard more than localised packaging, and brand likeability was also significantly higher for standard packaging. However, with utilitarian products, there were no significant differences in packaging likeability and brand likeability between the standard and localised versions. Also, the spread of rating for hedonic brands was greater for the standard form of packaging, meaning that hedonic brands were more sensitive to the form of packaging. Collectively, the results supported hypotheses H1a, H1b, H2a and H2b. Results for the choice experiment were consistent with the results of packaging and brand likeability, except for Nido milk (see Table 2). For Nido milk, choice results show that consumers prefer to buy in standard packaging. Therefore, a hypothesis H1c was supported, but not H2c.

Interestingly, as a post-hoc investigation to shed light on the rejection of hypothesis H2c, we found that 42.4 per cent of the participants were non-users of Nido milk. This percentage of non-users was very high compared to those for Nestle water (9.5%), Coca Cola (3.2%) and Lays (1.4%). This abnormality might be due to the student sample used for this study; students are less likely to buy powdered milk products. Therefore, we re-ran all the tests, but this time excluding non-users across all products. As Table 3 and 4 shows, the results based on users only lent support to all hypotheses including H2c. We concluded that product usage and familiarity affect the perceptions of packaging likeability and choice.

Discussion and Implications

Our study extends this research stream by providing empirical evidence on how standard versus localised packaging of foreign products may influence consumers’ perceptions and choice decisions of the foreign brands in Pakistani consumer market. It further illuminates the differences for products that differ in hedonic and utilitarian attributes by providing a new theme for research in packaging across cultures. A better understanding into how culturally different consumers perceive these packaging strategies would aid international marketers operating in local markets.

Overall, this study presents initial evidence that localisation of packaging of foreign brands may not necessarily be effective for international marketers. Our findings show that foreign cues improve brand likeability and packaging likeability only for hedonic products.
By contrast, the role of packaging is less pertinent with foreign utilitarian products, where there are no significant differences in ratings and choice between the standard and localised packaging. These findings raise doubts about the need for foreign brands to localise their packaging when entering local markets, regardless of the product types. Besides, not having to localise the packaging would lead to manufacturing, logistics and marketing cost savings. We also showed that usage and familiarity strengthen the results.

However, we cannot determine from this study what the psychological underpinnings are. In other words, why do consumers behave the way they do for the different packaging and products? We surmise that once the salience for social desirability is raised, it evokes more positive responses towards the hedonic brand and its packaging. This may be due to the consumption culture and motives of people in developing countries, where they perceive foreign brands as high quality and social status symbols (Batra et al. 2000). Hence, a future study elucidating this issue would provide better theoretical grounds for our study.

With utilitarian products, consumers do not appear to favour a particular packaging type. This result concurs with studies, which suggest that utilitarian products are evaluated more on functional attributes such as performance and quality. It does seem that foreign cues do not communicate these attributes more positively than local cues. Otherwise, consumers would have preferred the foreign packaging. This is consistent with Mackie et al.’s (1990) findings that foreign language and brand names enhance the brand equity of hedonic products but not utilitarian products. Still, a future study should explicitly test whether and how foreign cues change the perceptions of a product’s functional attributes. Two additional findings are noteworthy. Firstly, there is a clear correlation between brand likeability and packaging likeability. This strengthens the argument regarding the important role that packaging plays in enhancing product attractiveness and competitiveness. Secondly, from a methods perspective, choice decision tasks should consider potential confounds from users compared to non-users. This also suggests the role of habit in consumer decision making, as past purchase behaviour reflects habit strength and has direct effects on future consumption (Ouellette & Wood 1998).

Although this study offers valuable implications for researchers and practitioners, it has some limitations that merit attention. Firstly, the results that packaging matters for hedonic but not utilitarian products may also be biased by the student sample; hedonic consumption may be particularly important with younger consumers (Park & Lessig 1977). Also, the sample of graduate students had a moderate level of English proficiency and mostly likely live in urban Pakistan. This is not representative of the Pakistani population, which includes segments of less educated consumers that live in rural areas. This difference in socio-economic status may question whether the attitudes and behavioural patterns observed in the study are generalizable across the whole population (Manrai, Lascu & Manrai 2000). Future studies could examine the perception of these societal clusters based on their living standards and social classes. In this research, we focused only on one category – food. It would be interesting to replicate this study across different product types, such as different categories or whether the products are consumed conspicuously or privately. Further studies should be extended to different countries to further illuminate the differences among consumers’ culture. A potential direction for future research is therefore to identify whether packaging cues work via implicit and explicit influences. Moreover, future studies using fictitious brands may also provide more controlled experimental setting for manipulation of brands and different cues and likeability results will also not be biased due to brand familiarity. Further, significance of interaction between packaging design and product types can also be tested in future studies.
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Table 1: Results of Between Subject T-test for Packaging likeability and brand likeability

<table>
<thead>
<tr>
<th>Brands</th>
<th>Packaging likeability</th>
<th>Brand likeability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coke</td>
<td>2.53 (.171)</td>
<td>2.66 (.75)</td>
</tr>
<tr>
<td>Lays</td>
<td>1.97 (.75)</td>
<td>2.04 (.23)</td>
</tr>
<tr>
<td>Aggregate</td>
<td>2.25 (.123)</td>
<td>2.35 (.66)</td>
</tr>
<tr>
<td>Nido</td>
<td>1.74 (.69)</td>
<td>1.80 (.75)</td>
</tr>
<tr>
<td>Nestle</td>
<td>2.28 (.227)</td>
<td>2.36 (.66)</td>
</tr>
<tr>
<td>Aggregate</td>
<td>2.01 (.198)</td>
<td>2.08 (.66)</td>
</tr>
</tbody>
</table>

Table 2: Results of Non parametric Binomial Choice test

<table>
<thead>
<tr>
<th>Choice packaging</th>
<th>Packaging type</th>
<th>N</th>
<th>Observed proportion</th>
<th>Test proportion</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coke</td>
<td>Standard</td>
<td>308</td>
<td>.83</td>
<td>.50</td>
<td>.00</td>
</tr>
<tr>
<td></td>
<td>Local</td>
<td>62</td>
<td>.17</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lays</td>
<td>Standard</td>
<td>276</td>
<td>.75</td>
<td>.50</td>
<td>.00</td>
</tr>
<tr>
<td></td>
<td>Local</td>
<td>94</td>
<td>.25</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nido milk</td>
<td>Standard</td>
<td>205</td>
<td>.55</td>
<td>.50</td>
<td>.04</td>
</tr>
<tr>
<td></td>
<td>Local</td>
<td>165</td>
<td>.45</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nestle water</td>
<td>Standard</td>
<td>199</td>
<td>.54</td>
<td>.50</td>
<td>.16</td>
</tr>
<tr>
<td></td>
<td>Local</td>
<td>171</td>
<td>.46</td>
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</table>
### Table 3: Results of t-test for packaging likeability and brand likeability for users

<table>
<thead>
<tr>
<th>Brands</th>
<th>Category</th>
<th>Packaging likeability</th>
<th>Brand likeability</th>
<th>Sig.</th>
<th>Packaging likeability</th>
<th>Brand likeability</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coke</td>
<td>Hedonic product</td>
<td>Mean value</td>
<td>Mean value</td>
<td>Sig.</td>
<td>Mean value</td>
<td>Mean value</td>
<td>Sig.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Standard Packaging</td>
<td>Local Packaging</td>
<td></td>
<td>Standard Packaging</td>
<td>Local Packaging</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Coke</td>
<td>2.62</td>
<td>1.72</td>
<td>.00</td>
<td>2.75</td>
<td>1.79</td>
<td>.00</td>
</tr>
<tr>
<td>Lays</td>
<td>Hedonic product</td>
<td>1.97</td>
<td>.75</td>
<td>.00</td>
<td>2.06</td>
<td>1.60</td>
<td>.04</td>
</tr>
<tr>
<td>Nido</td>
<td>Utilitarian product</td>
<td>1.73</td>
<td>1.67</td>
<td>.41</td>
<td>1.74</td>
<td>1.60</td>
<td>.88</td>
</tr>
<tr>
<td>Nestle</td>
<td>Utilitarian product</td>
<td>2.25</td>
<td>2.23</td>
<td>.75</td>
<td>2.40</td>
<td>2.47</td>
<td>.30</td>
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### Table 4: Results of Non parametric Binomial Choice test for Users

<table>
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<tr>
<th>Choice of packaging</th>
<th>Packaging type</th>
<th>N</th>
<th>Observed proportion</th>
<th>Test proportion</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coke</td>
<td>Standard</td>
<td>301</td>
<td>.84</td>
<td>.50</td>
<td>.01</td>
</tr>
<tr>
<td></td>
<td>Local</td>
<td>57</td>
<td>.16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lays</td>
<td>Standard</td>
<td>276</td>
<td>.76</td>
<td>.50</td>
<td>.01</td>
</tr>
<tr>
<td></td>
<td>Local</td>
<td>89</td>
<td>.24</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nido milk</td>
<td>Standard</td>
<td>117</td>
<td>.55</td>
<td>.50</td>
<td>.17</td>
</tr>
<tr>
<td></td>
<td>Local</td>
<td>96</td>
<td>.45</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nestle water</td>
<td>Standard</td>
<td>164</td>
<td>.49</td>
<td>.50</td>
<td>.74</td>
</tr>
<tr>
<td></td>
<td>Local</td>
<td>171</td>
<td>.51</td>
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Can Emotional Engagement in Festivals increase products’ consumption?  
The Case of Italian Week in Australia  

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Abstract  
In order to explore the effects of emotional engagement on consumer behaviour, we researched a cultural festival named Italian Week. As residual effects of festivals in general haven’t been investigated thoroughly, this research focused on filling this gap by exploring a shift on consumption habits when attendee’s return to daily life upon the event’s completion. A main meaningful contribution of this research is the proven ability of Italian Week to generate emotional engagement in such a way that consumers will search for products and services beyond the festival. The research was composed of a qualitative study based on 12 semi-structured interviews followed by a quantitative online survey applied to a sample of 282 respondents. Among the most relevant variables were cultural, social and self-identification. Despite marketing literature describing them as three distinctive types of consumer identification, our findings led us to assemble the three of them into one Multi-Dimensional Identification because they influence consumers equally in the specific case analysed here.

Keywords: Emotional Engagement, Multi-Dimensional Identification
Track: International Marketing

1.0. Background
This paper relates to both cross-cultural marketing and cultural art marketing through the analysis of two cultures, Italian and Australian, from the perspective of a cultural event represented by the Italian Festival in Queensland known as Italian Week. Indeed, the Festival conveys Italian culture in a broad sense of the word culture: nationality, country, arts, language and food to mention just a few. It can thus be defined as a ‘Cultural Festival’; a mix of amusement, education, and cultural interaction. Italian culture, like any prominent and well known culture is rich with stereotypes, we seek to identify these stereotypes and investigate the impact of the country of origin effect in altering consumer behaviour through emotional engagement created by Italian Week by using a case study approach (Hede & Kellett, 2011; Urošević, 2012).

To examine our research question How does a cultural festival leverage country of origin effect to create emotional engagement thus increasing consumption of products from the country promoted by the festival?, within the context of this specific event, we explore the feelings and emotions of the festival attendees’ in generating emotional engagement and as part of the flow on effects, the change in consumer behaviour. In order to analyse visitors’ emotional engagement and consequent consumption behaviour patterns, our research was composed of a qualitative study based on 12 semi-structured interviews followed by a quantitative online survey applied to a sample of 282 respondents.

2.0. Conceptual Foundations
2.1. Italian Immigration in Australia, Country of Origin and Stereotypes
In Australia, Italian immigration commenced with the beginning of English colonisation. Between 1947 and 1976, over 360,000 Italians migrated to Australia (Rando,
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2000) and Australia now has the third highest level of foreign population (Frost, Reeves, Laing, & Wheeler, 2009). Today, Italian culture is deeply rooted and strongly present in modern Australia (Pyke, 1948), and in Queensland there are over 100,000 people of Italian origin. There are 27,000 Italian speakers, and 15,000 Italian Citizens in Queensland, making Italians one of the largest ethnic groups in the State (Arrighi, 1991). In 2007, upon the request of the Italian Ministry of Foreign Affairs, Italian Week was specifically developed to dispel outdated stereotypes regarding Italy and to create a platform for cultural and social cohesion. Over the past 8 years, Italian Week has partnered with organisations such as the Queensland Government, Multicultural Affairs, Brisbane City Council, Brisbane Marketing and Ipswich City Council. These partners were selected based on the ability of the collaborator to deliver events which satisfied both hedonistic and utilitarian needs of festival participants. Once this objective had been achieved, the festival shifted its focus to developing ‘emotional engagement’. Starting with 2000 visitors in 2007, the festival has grown to accommodate over 15,000 people in 2013. One of the reasons that Italian Week enjoys this success is the creation of emotional engagement which rests on the pride Australians with Italian roots feel about being Italian. We assume that emotional engagement leads to increase in consumption of products, goods and brands of the country of origin.

Researchers have conducted numerous investigations into the impact of culture on consumer habits (Sapienza, Zingales, & Guiso, 2006). Country of origin (COO) is recognized in the literature as an important tool for marketers to influence consumers’ perceptions towards brands, behaviour and intention (Agrawal & Kamakura, 1999). The importance of a brand’s Country of Origin was first recognized by Dichter (1962); who argued in favour of the “tremendous influence on the acceptance and success of products” (p. 116). Bilkey and Nes (1982), focused their research on approaching country of origin as a product. Taking the concept of the ‘made in (country)’ their research found that the country of origin celebrated by the Festival, in this specific case Italy, resulted in a significant influence of consumer’s perceptions of product with the same nationality. Similarly, researchers are calling for investigations into identifying not only products, brands and categories, but how country of origin affects consumer’s perceptions and influences decisions about the entire offering of the country. A festival named after a country such as is the case with Italian Week, can hugely influence participants’ perception of the country of origin and stimulate further consumption of Italian products and brands.

2.2. Experiential Meaning – From branding to services and from services to branding as a result of emotional engagement

Goffman (1959), states that people engage in consumption with the intention of communicating with others, while Belk (1988) presents consumption of products and brands as an extension of the self. This research focuses on the role of Italian Week as a vector of the country of origin effect in stimulating consumption of Italian brands by generating experiential meaning through emotional engagement. An expected result is an alteration in consumer behaviour, leading to increased Italian brands and products’ consumption after the event.

2.3. Motivations to attend the Festival and types of identification

In consumption situations, consumers encounter choices, alternatives and different motivations that may pull them in different directions (Schembri, Merrilees, & Kristiansen, 2010). Theories of motivation suggest that human motives, whether cognitive or affective, are primarily geared towards individual gratification and satisfaction. Two main motivations stimulate people to attend Italian Week; hedonic and conformity. Individuals with hedonic
motivations are driven by the need for individual enjoyment or pleasure (Hirschman & Holbrook, 1982). Secondly, they may attend because of conformity so that they become part of the Italian Community or the community of Italy thanks to self, social and cultural identification.

As consumers do not enter the world with self-identity, the self is created through the narrative presented through behaviour and consumption (Schembri et al., 2010). Consumption of culture is then a way of communicating the self to others and identifying with others. Social psychological analysis of the self in a group or social environment in the seeming connection to groups and affects individual identity (Ashforth & Mael, 1989; Tajfel, 1979). This group identification has a direct effect on individual and group behaviour and the resulting effect on consumption patterns exists not only within brand communities but into environments where there is no formal membership (Bagozzi & Dholakia, 2006).

As stated by Bhattacharya and Sen (2003) consumers may be able to partially meet their self-definitional needs by identifying with a company whose products and/or services they consume. Often, cultural communities are known as Diasporas. Diaspora is comprised of ever changing representations which provide an imaginary coherence for a net of flexible identities (Hall, 1990).

3.0. Methodology

Our research uses photos, videos and interviews to understand the emotional engagement generated by a single festival, and combines qualitative data collection methods with a quantitative online survey. The research was conducted in two phases, we first interviewed past participants of the Italian Week festival to explore their relationship to Italy, to Italian Week as well as their consumption habits of Italian products and brands. Interpretation and narratives are key in enabling people to make sense of the symbols, objects, individuals and situations through interaction with them (McAdams, 1993; Schembri et al., 2010; Shankar, Elliott, & Goulding, 2001). After minor adjustments, the definitive script was applied to 12 informants who were asked to describe their feelings about Italy and Italian stimuli. Thanks to this phase of our research we developed a construct that stipulates that stereotypes, associated with symbolism of the country of origin would attract participants to the festival, thanks to hedonistic motivations. In other words, attendees of the Festival would expect to satisfy their hedonistic needs with products, shows, dancing and other traditionally Italian activities provided by the Festival.

A major alteration we made to this construct is the aggregation of the three types of identification as shown in Figure 1. Indeed, narratives from the first phase of the study indicated that it was not possible to separate one from another in this specific case. Social, cultural and self-identification are assembled as a unique form of identification in which all three of them merge. On the one hand, this multi-dimensional identification (Multi-Dimensional ID) emerges as a result of emotional engagement which leads customers to alter their consumer behaviour. On the other hand, emotional engagement is strengthened by combining self, cultural and social identification. This cycle of identification and emotional engagement created a deeper level of involvement with the Italian brands that they already consumed and stimulated the awareness and consumption of new brands experienced during Italian Week. What became apparent through the qualitative study, is how the festival, generates consumption of services more so than of products. Indeed, after having attended the Festival, participants lean more towards taking Italian language classes, planning trips to Italy,
going more frequently to Italian restaurants and spending more time and money in Italian expressions of arts, such as opera, movies, and Italian exhibitions.

Figure 1. From COO to product and service consumption

The second and final phase of the research was an online survey whereby a structured questionnaire was made available. 282 respondents completed the online questionnaire during the Italian Festival commencing on May 13, 2014 and running until the 3rd of June 2014. The survey found that 62.87% of the respondents (177 People) had attended Italian week in the past 8 years, which represented our final sample. Of these, 56.98% of the respondents (101 people) answered to being of Italian origin. The online survey was designed to deepen our understanding of the consumer habits of festival attendee’s both from the perspective of consumption of brands and products and also to further examine the changes in consumption of services. The questionnaire was composed of 14 questions and was a mix of 12 multiple choice and 2 open ended questions. Respondents were asked to provide information about products and services they purchased prior to attending Italian Week and immediate intentions of consumption after attending Italian Week. In the particular case of Italian Week, extending the experience has more to do with consuming services than consuming goods, this is the first thing that consumers think about. The results showed that people wanted to extend the experience by (1) Learn to speak Italian, (2) Travel to Italy, (3) Cook Italian food or learn to cook Italian Food, (4) Activities linked to art such as music, films, opera, art exhibitions. Consumers are involved in the environment of Italy and want to stay in that environment, after the festival there is the tendency to continue the experiences encountered at Italian Week as an expression of experiential meaning.

In our construct we stated that Italian Week had an impact on consumption patterns by stimulating the consumption of Italian products in general. In order to confirm this statement we asked the direct question; ‘Have your consumption habits changed in relation to products goods and services and entertainment as a result of attending Italian Week?’ The results indicated that consumption increased as a direct result of Italian Week. 52.97% answered; ‘yes I am now buying more Italian goods, services and brands as a result of attending Italian Week or seeing its promotional activities.” This represented 93 people who had attended Italian Week over the past 8 years. However, 15.98% of the respondents (28 people) answered that they did not remember if they were buying more products as a result of Italian Week. We were able to measure the change in consumption habits, by asking respondents an
open ended question listing the top 10 products or brands they purchased prior to attending Italian Week and comparing it to a list of answers about which products they were now buying as a direct result of Italian Week. The brands and products listed were all brands promoted and exposed during the Italian Week festival.

Surprisingly, we noticed a gap between both answers, some of the brands that featured prominently in the second question did not appear in the first question. In fact brands like Merlo Coffee did not appear at all when respondents were asked to list product purchases yet over 100 people said that they now purchase Merlo Coffee as a result of Italian Week. This was similarly true for brands like Vittoria Coffee and Di Bella Coffee. Three possible explanations for this result are that (1) The brands are not recognised as Italian, (2) The brands are not recallable, or (3) They became aware of the brands as a result of Italian Week. There are marketing implications for each of these 3 possible scenarios. Firstly, if the brands are not recognised as Italian, the positive country of origin effect is not being used to leverage the reputation of the brand. If the brand is not recallable, it may be of an inefficient marketing communication strategy. If they became aware of the brand as a result of Italian Week, then our argument that a cultural festival has the capacity to increase consumer consumption is plausible.

When asked via an open ended question, what the top 10 products or brands that respondents purchased, we received 1286 responses. These responses were categorized into 7 categories including; Food (865 responses), Beverages (224 responses), Fashion (128 responses), Motor (16 responses), Home wares (22 responses), Body Care (10 responses), Entertainment (12 responses). We then asked participants to choose which of the 23 brands and products were they now purchasing as a result of Italian week, the question was formed as a multiple choice and included both brands and generic products. The brands and products were across three categories, the categories were broken down the following way; Food (8 categories) 979 Responses, Beverages (12 categories) 1048 Responses, Fashion (3 categories) 158 Responses. We sought to find out how respondents’ consumption habits changed in relation to services and entertainment. Were consumers attending more restaurants and cultural events as a result of attending Italian Week? The questionnaire identified a trend with festival attendee’s to consume culture, films and language. This trend was reinforced by the activities of Italian Week, 59% of respondents attending Italian Films at the Gallery of Modern Art. Moreover 86% of responses stated that they would be willing to attend an Italian film festival after Italian Week.

The main differences between people of Italian origin and those of non-Italian origins was highlighted in the survey on how the respondents perceived Italian culture and its values. When asked if Italian culture was viewed as an extroverted culture 45.54% of people with no Italian heritage identified with this statement whist 59.2% of people with Italian heritage identified with it. Similarly, when asked about how ‘Home’ was valued by Italian culture 50.89% of non-Italians identified with this and 90.4% of people with Italian background positively identified with ‘Home’. Thirdly, when asked about Italian culture relating to ‘Quality’ 50% of non-Italians identified whilst 74.4% of respondents with Italian background identified positively. Finally, a significant difference between Italians and non-Italians was the willingness of non-Italians to learn the language. When asked how likely they were to take Italian language lessons 35.40% of people with Italian background answered positively whilst 62.00% of people with Non Italian background answered they would be likely to learn Italian

4.0. Managerial and Research Implications
The coverage of a cultural festival such as Italian Week which has been running for eight years and luring 10,000 to 15,000 people every year is a powerful marketing tool for all companies wishing to target Italy lovers. The increasing numbers of attendees year after year demonstrates the appeal and efficiency of its concept and the ability of Italian Week in stimulating consumption of services linked to Italy. There is a positive country of origin effect which is profitable to companies, brands and services because the emotional engagement created by Italian Week is conveyed in the relationship between customers and products and creates positive brand attitude. As a result the whole industry that relates to Italy benefits from the effect of Italian Week on customers. It not only increases awareness on brands but also creates desire for services like travel, language lessons, cooking classes, music and artistic performances. There is an emotional engagement that transfers to the product or brand generated through the festival.

The residual effects of festivals in general has not been investigated thoroughly, this research focused on filling this gap by exploring what happens once the event is finished and festival attendee’s return to daily life. To do so we conducted a study composed of two phases, one qualitative and one quantitative. Among the most relevant variables were cultural, social and self-identification. Despite the fact that literature in marketing describes them as three distinctive types of consumer identification, our findings led us to assemble the three of them into one Multi-Dimensional Identification because they influence consumers equally. Another meaningful contribution of this research is the ability of Italian Week to generate emotional engagement in such a way that consumers will search for products and services beyond the festival.

5.0. Limitations and Conclusion

Italian Week is not what we could call a brand community but a service community instead. Participants to the festival are attracted to the services they can enjoy during Italian Week through which they derive experiential meaning. As a result, and thanks to emotional engagement, instead of increasing their consumption of Italian brands, they are strongly stimulated to extend the experience by consuming services which will put them in the same fascinating Italian environment, such as planning trips to Italy, learning Italian language, giving priority to Italian restaurants and attending operas, movies about Italy and any other art performances stemming from the Italian culture. Attendees seek at feeling the same emotion engaged during the festival. The research is subject to some bias because of self-reporting, validity can be subjective for a number of reasons, participants may not tell the truth, give desired answers, exaggerate and respondents may have some confidentiality issues. Moreover, respondents might not have paid special attention to their buying patterns changes year after year. We argue that some elements of self-reporting bias have been eliminated or reduced and the findings are supported by the rigor in our method thanks to the combined qualitative and quantitative approaches to investigating the subject matter. Lastly, the research is limited to and specific to one culture in one festival in one country and the results may not apply or be transferrable to other festivals within other cultures or studies conducted in another country which may or may not have a different cultural normative.

The preceding quote from a participant very well illustrates the idea of cultural meaning, experiential meaning, community, identity, integration and long lasting emotional engagement with one culture or between two cultures. It also shows that immigrants do no replace their culture of origin with the host culture, but just bring them together to take the best out of both. This is the main role
of Italian Week. Bringing together two cultures through a cultural festival. Italian Week is a temporary piece of Italy placed in Brisbane which warmly welcomes Australians whether they have Italian origins or not. It is a matter of blending two cultures which might share some common values and habits, but which are not always revealed. One of the secrets of the success of Italian Week is also that it sticks to Italian stereotypes so that attendees won’t be disappointed at the same time as it uncovers much about the Italian culture, which is not limited to pizza and pasta as quoted by one attendee:... we are more than pizza, and all things ‘Papa Giuseppe’, we have such style and depth to our culture.

References


Antecedents of Materialism in China—An Intergenerational Analysis

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Abstract

The current research aims to analyze the possible reasons why consumers in China have become more or less materialistic. Data was collected from 1549 Chinese consumers, representing three local generational cohorts, labeled, in chronological order, the Cultural Revolution Generation, the Economic Reform Generation and the Social Change Generation - in two cities in China. The findings show that the impact of cultural values on the formation of materialism tends to be complex. While the pattern basically follows what was theoretically postulated, the mechanism are different for the youngest generation and they view materialistic values differently. Chinese materialists regard the material affluence an icon of success irrespective of demographical differences. The rise of post-materialism values as well as Confucian spirituality can curtail the prevalence of materialism while the secular values serve as a driving forces for a materialistic orientation.

Keywords: materialism; Chinese consumer behavior; intergenerational;
Track: International Marketing

1.0 Introduction

Consumer values or consumer cultures have been identified as a powerful force that manipulates consumer motivations, consumption patterns, life-style choices and product brand preference (Tse, Belk and Zhou 1989). Materialism, the most influential consumer values, has been at the center of consumer behaviour literature for decades (Belk 1985, Richins and Dawson 1992, Burroughs and Rindfleisch 2002, Cleveland, Laroche, & Papadopoulos 2009). These previous studies show that the consumers pursuing material acquisitions prefer to buy luxury products (Richins 2004, Wang and Wallendorf 2006), exhibit strong intentions to compulsively purchase (Rindfleisch, Burroughs, and Denton 1997), consider status-enhancement most important among product utilities (Eastman Fredenberger, Campbell and Calvert 1997) and have a lower level of subjective well-being compared to peers with lower levels of materialistic tendency (Burroughs and Rindleisch 2002). Despite a huge number of studies that shed light on the antecedents and consequences of materialism, it is still not very clear how a materialistic orientation evolves and becomes prevalence in a country. Marketing scholars and practitioners are seeking the reasons for why and how consumers become more or less materialistic. By selecting China the world’s largest emerging consumer market, we aim to answer two research questions in this study; (1) what factors make Chinese consumers more or less materialistic? (2) Are those factors different among generational cohorts?

2.0 Conceptual Background

In the attempts to analyze the antecedents of the formation of materialistic values, several reasons were identified by the social science scholars (see the review by Kasser, Ryan, Couchman and Sheldon 2004). These reasons were grouped into two categories, namely self-related reasons and environmental-related reasons (Inglehart 1977). For self-related reasons, materialists place more value on material acquisition and possession either to cope with or compensate for the feeling of uncertainty or insecurity. As a result, economic deprivation in ones’ informative years was considered a key antecedent of materialism (Inglehart 1990). For society-related reasons, materialistic consumers tend to indulge themselves in conspicuous
consumption as an instrument to reinforce social status (Belk 1985). Television commercials are viewed as the key source of materialistic messages and studies consistently show a significant correlation between television watching and salience of materialism in cross-country and cross-age research settings (Kasser and Ryan 2001, Cheung and Chan 1996). People living in a big city are more likely to expose to the influences of materialistic lifestyle and then to be more materialistic than their counterparts in the relatively small or isolated cities (Kasser et al 2004).

In theory, things that hinder or block the fulfilment of basic psychological needs could serve as antecedents of materialism. Inglehart (1990) views the economic deprivation as a primary source of insecurity and therefore a key antecedent of materialism. He posits that people who grow up in poor economic conditions, are particularly materialistic. However other researchers argued that the economic conditions alone (e.g. the level of poverty) may not necessarily lead to the prominence of materialistic values in a society, as exemplified by religious novitiates who sacrifice material possessions in pursuit of spiritual purity (Kasser et al. 2004). This argument underscores the impact of cultural values or other institutional factors on the formation of materialism. As suggested by Kasser et al (2004 p.15) a cultural value “may be more or less supportive to psychological needs.” Following in this tradition, we adopt four dimensions of Chinese cultural values, namely spirituality, group orientation, power distance and secular value (money worship) in the Chinese value studies literature (Yao 1994, Yang & Stening 2012, 2013). Spirituality, or spiritual supremacy, one foundation of Confucian principles, is a trait to measure personal dignity and sagehood. Confucianism as a source of happiness and social stability also promoted good relationships with others, or a group orientation. We hypothesize that Chinese consumers who highly appreciate the values of spirituality and group orientation are more likely to have a lower mean score in materialism and attach less value for material goals and material success. In contrast, driven by secular values in their cultural heritage, measured by money orientation and power distance (hierarchy), Chinese consumers tend to be materialistic and may pursue social status and financial success in the value priority through the acquisition or possession of materials.

Inglehart and Baker (2000) argued that when a society reaches a mature level of industrialization, sooner or later, a value transformation will be triggered from materialism to post-materialism. In a so called post-materialism society where material affluence alleviates economic pressure and material obsession, residents are likely to have restructured their value priorities and rated material success as less important (Kilbourne and Pickett 2008). Therefore we can postulate that the popularity of environmentalism in a society will make materialism less salient. Further, consumers’ demographic variables were also examined as the possible predictors of the salience of Materialism, such as age, income level, and education background (Wei & Talpade, 2009, Kasser et al 2004). The findings of previous studies on the formation of materialism still need to be validated in cross-cultural research settings.

3.0 Research Context
With two-digit economic growth rate for three decades, China has become the world’s largest emerging consumer market and has been moving to center stage in marketing research (Trotter and Wang, 2012). Although there is no consensus in grouping people into generations in China we follow the research mainstream and grouped Chinese consumers into three generational cohorts, namely (1) The Cultural Revolution Generation (aged between 53 and 65, born between 1948 and 1960), (2) the Economic Reform Generation (aged between 34 and 52, born between 1961 and 1979), and (3) the Societal Changes Generation (aged between 18 and 33, born between 1980 and 1995)(Sun & Wang 2010, Egri and Ralston 2004,
Hung et al 2007). We hypothesize that these three generational cohorts, growing up in the diversely different political and socioeconomic circumstances in the modern China, will have internalized the political ideologies of their era into their value system (Yang and Stening 2013). An intergenerational analysis offers a unique angle by which to examine the influence of political ideologies on the development of materialism.

4.0 Research hypotheses
Based on the literature review, the research hypotheses are displayed in the following equation:

\[
\text{Materialism} = -(\alpha) \times \text{environmentalism} + (\beta) \times \text{group-orientation} + (\gamma) \times \text{spirituality} + (\delta) \times \text{money-orientation} + (\varepsilon) \times \text{economic deprivation} + (\zeta) \times \text{TV-time} + (\eta) \times \text{age} + (\theta) \times \text{gender (male coded '1', female coded '2')} + (\mu) \times \text{education} - (\nu) \times \text{city (big cities coded with a small number)} + (\xi) \times \text{income}. \text{ (grouping variable: three generational cohort in China)}
\]

5.0 Methodology
In total, 1549 Chinese consumers from two cities (Shanghai in the eastern China and Kunming in the western China) participated in the study. University students were chosen as representatives of the Social Change Generation and the other two generations were selected randomly from convenience samples, mainly people intercepted on the street. The 15-item shortened scale of materialism developed by Richins (2004) was adopted. This instrument measures the level of materialism through three sub-dimensions, Success, Centrality, and Happiness. According to this value-based definition, materialists believe success can be judged by material possession, view material goals central to their lives and consider acquisition of materials a major source of happiness. Confirmatory factor analysis was implemented to assess the construct validity and discriminant validity. The results are displayed in the Appendix A (available upon request from the Author). The summed score of the items of each construct with the higher factor loadings (larger than .07) was used in the further analysis. A series of general linear regression models was conducted to test the causal relationship between materialism and the proposed antecedent variables among the three generational cohorts. The results for overall samples are displayed in Table 2. The regression results for each generational cohort are presented in Table 3.

6.0 Results and discussions
The impact of cultural values on materialism tends to be complex. While the results largely follow what was theoretically postulated, the association between the cultural values and materialism are not consistent across generational cohort samples and the subdimensions of materialism. As indicated by the regression coefficients (Table 2 and Table3), money orientation seems to be a significant antecedent of materialism. Respondents who value monetary success tend to be materialistic, as measured by the ‘success’ and ‘centrality’ sub-dimensions. The rise of environmentalism can curb the prominence of materialism as a central value or a source of happiness across the three Chinese generational cohorts, meaning that the more people are concerned about environmental protection, the less likely they are to view the acquisition of material goods central to their lives. Nor do these people consider that pursuing material rewards will make them happy. The influence of group orientation and spirituality is consistent with what is theoretically hypothesized but with a few exceptions.

The positive regression coefficient of environmentalism (\(\beta=.154***\)) for the ‘success’ sub-construct among the Social Change Generation merits consideration. It means that the generation of so called ‘little emperors’ does not place the two theoretically contradictory
values in their value repertoire. One possible explanation is that both environmentalism and the symbolic value of affluence are both acceptable in their value repertoire (Swidley 1986). Another possible reason is that the youngest generation has internalized the prevailing pragmatism into their value system and firmly believes material affluence an icon of success while considering environmentalism a fashionable norm.

Surprisingly, no positive correlation between television viewing and the level of materialism was found. On the contrary, the heavy television viewers in China are less likely to consider materialistic possessions a source of happiness. One of the possible reasons is that, with many prior experiences of being the victims of unethical marketing practices, Chinese consumers take a risk-aversive and utilitarian attitude and largely do not trust advertising appeals (Tse et al. 1989).

Gender is a significant predictor of materialism in terms of ‘success’ and ‘centrality’ for the Cultural Revolution Generation. Male respondents surveyed tend to have a stronger materialistic values than females. The males in this generation are more likely to view the acquisition of wealth and possessions as central to their lives and symbols of success. According to Daun (1983) people who have experienced a loss of power tend to pursue material consumption and monetary success. In a male-dominated hierarchical society such as China, males may have higher expectation for their social status. The pursuit of material acquisitions may serve as a mechanism to compensate for the loss of power and control in Chinese society. Further more the well-educated respondents in the Cultural Revolution generation are more likely to view material possessions a symbol of success. The well-educated consumers in the Economic Reform Generation tend to place material values in a central to their lives. Interestingly, the economic deprivation contributes significantly to the materialism only for the Cultural Revolution Generation ($\beta=.148^{**}$). Material possessions tend to enhance the social status and self-empowerment of people in this cohort. However, the converse results are found among the Social Change Generation of ‘little emperors’. The negative correlations between economic conditions and materialism (in terms of ‘centrality’ and ‘happiness’) ($\beta=-.100^{**}$, $\beta=-.088^*$ respectively) indicate that consumers from the third generational cohort who have experienced economic hardship, are less likely to view the acquisition of wealth and possession as central to their lives, or essential to their happiness. One plausible explanation is that people growing up in a poor socioeconomic circumstances hold more realistic goals and set expectations within their reach (Agnew 1983). Another possible reason is that children from the lowest socioeconomic families generally report the highest happiness scores (Csikszentmihalyi 1999). Unsatisfied basic needs may not necessarily lead to feelings of insecurity.

With the exception for the Cultural Revolution Generation ($\beta=.119^*$), no significant association was found between income level and materialism. Income is not, then, a significant contributor to the development of materialism. However, income level does serve as an antecedent of materialism measured by centrality for respondents from the Cultural Revolution Generation. Since the first generation experienced far more economic hardship in their formative
Table 3 Antecedents of materialism for overall samples

<table>
<thead>
<tr>
<th>Materialism</th>
<th>Success</th>
<th>Centrality</th>
<th>Happiness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmentalism</td>
<td>.117***</td>
<td>-.110***</td>
<td>-.085**</td>
</tr>
<tr>
<td>Money Orientation</td>
<td>.300***</td>
<td>.163***</td>
<td>-.125***</td>
</tr>
<tr>
<td>Power Distance</td>
<td>.050</td>
<td>-.034</td>
<td>-.056*</td>
</tr>
<tr>
<td>Group orientation</td>
<td>.090**</td>
<td>-.076*</td>
<td>-.087**</td>
</tr>
<tr>
<td>Spirituality</td>
<td>-.140***</td>
<td>-.146***</td>
<td>.094***</td>
</tr>
<tr>
<td>Childhood</td>
<td>.083**</td>
<td>-.045</td>
<td>-.030</td>
</tr>
<tr>
<td>TV-Time</td>
<td>.025</td>
<td>-.016</td>
<td>-.062*</td>
</tr>
<tr>
<td>Age</td>
<td>-.066*</td>
<td>-.166***</td>
<td>.059</td>
</tr>
<tr>
<td>Gender</td>
<td>-.030</td>
<td>-.020</td>
<td>-.003</td>
</tr>
<tr>
<td>Education</td>
<td>.046</td>
<td>-.093**</td>
<td>.018</td>
</tr>
<tr>
<td>City</td>
<td>-.059*</td>
<td>.008</td>
<td>.107***</td>
</tr>
<tr>
<td>Income level</td>
<td>-.009</td>
<td>.014</td>
<td>.081**</td>
</tr>
<tr>
<td>$R^2$</td>
<td>=.159</td>
<td>=.103</td>
<td>=.06</td>
</tr>
</tbody>
</table>

*p<.05;  **p<.01  ***p<.001

Table 4 Antecedents of materialism among the three generational cohorts

<table>
<thead>
<tr>
<th>MAT-Success</th>
<th>G1</th>
<th>G2</th>
<th>G3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmentalism</td>
<td>.061</td>
<td>.088</td>
<td>.154***</td>
</tr>
<tr>
<td>Money Orientation</td>
<td>.232***</td>
<td>.373***</td>
<td>.322***</td>
</tr>
<tr>
<td>Power Distance</td>
<td>.177***</td>
<td>.104</td>
<td>-.046</td>
</tr>
<tr>
<td>Group orientation</td>
<td>-.047</td>
<td>.078</td>
<td>.141***</td>
</tr>
<tr>
<td>Spirituality</td>
<td>-.043</td>
<td>-.125</td>
<td>-.153***</td>
</tr>
<tr>
<td>Childhood</td>
<td>.148**</td>
<td>.091</td>
<td>.055</td>
</tr>
<tr>
<td>TV-Time</td>
<td>.032</td>
<td>.019</td>
<td>.023</td>
</tr>
<tr>
<td>Age</td>
<td>-.068</td>
<td>-.094</td>
<td>-.042</td>
</tr>
<tr>
<td>Gender</td>
<td>-.092*</td>
<td>.015</td>
<td>.000</td>
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<tr>
<td>Education</td>
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<td>.021</td>
<td>.031</td>
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<td>City</td>
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<td>-.080</td>
<td>-.071*</td>
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<td>Income level</td>
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<td>.011</td>
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<tr>
<td>$R^2$</td>
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<td>=.193</td>
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</tbody>
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<table>
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<th>MAT-Centrality</th>
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<th>G2</th>
<th>G3</th>
</tr>
</thead>
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<td>-.180**</td>
<td>-.086*</td>
</tr>
<tr>
<td>Money Orientation</td>
<td>.201***</td>
<td>.195***</td>
<td>.132**</td>
</tr>
<tr>
<td>Power Distance</td>
<td>-.062</td>
<td>.095</td>
<td>-.065</td>
</tr>
<tr>
<td>Group orientation</td>
<td>-.215***</td>
<td>.003</td>
<td>-.041</td>
</tr>
<tr>
<td>Spirituality</td>
<td>-.066</td>
<td>-.166**</td>
<td>-.186***</td>
</tr>
<tr>
<td>Childhood</td>
<td>.003</td>
<td>.048</td>
<td>-.088*</td>
</tr>
<tr>
<td>TV-Time</td>
<td>-.048</td>
<td>-.048</td>
<td>.030</td>
</tr>
<tr>
<td>Age</td>
<td>-.034</td>
<td>-.059</td>
<td>.024</td>
</tr>
<tr>
<td>Gender</td>
<td>-.158*</td>
<td>-.014</td>
<td>.045*</td>
</tr>
<tr>
<td>Education</td>
<td>-.086</td>
<td>-.187**</td>
<td>.010</td>
</tr>
</tbody>
</table>
City | .049 | .057 | .008  
Income level | **.119*** | -.083 | .030  
| R²=.166 | R²=.129 | R²=.075  
MAT-Happiness

<table>
<thead>
<tr>
<th>G1</th>
<th>G2</th>
<th>G3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmentalism</td>
<td>.093</td>
<td>-.080</td>
</tr>
<tr>
<td>Money Orientation</td>
<td>-.080</td>
<td>.042</td>
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<tr>
<td>Power Distance</td>
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<td>Group orientation</td>
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<td>Spirituality</td>
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<tr>
<td>Childhood</td>
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<td>-.043</td>
</tr>
<tr>
<td>TV-Time</td>
<td><strong>-.110</strong>*</td>
<td><strong>-.127</strong>*</td>
</tr>
<tr>
<td>Age</td>
<td>-.084</td>
<td>.008</td>
</tr>
<tr>
<td>Gender</td>
<td>-.038</td>
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<tr>
<td>Education</td>
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<tr>
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<td>Income level</td>
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</tr>
<tr>
<td>R²=.037</td>
<td>R²=.039</td>
<td>R²=.16</td>
</tr>
</tbody>
</table>

years than the two later generations, the strong feelings of economic deprivation may still stimulate them to continually consider material pursuit central to their lives. The influence of geographic location is mixed. Respondents in Shanghai and Kunming are more likely to view acquisition of materials as a symbol of success and source of happiness respectively. Geographic locations have no effect on materialism for the first and second generational cohorts.

### 7.0 Conclusion and Future Research Direction

The findings show that the impact of cultural values on the formation of materialism tend to be complex. While the pattern follows what are theoretically postulated, the youngest generation may follow the different mechanism and regards the materialistic value with their own views. Chinese materialists invariably view the material affluence as an icon of success irrespective of demographical differences. Nevertheless, the rise of post-materialism value as well as Confucian spirituality can curtail the prevalence of materialism while the secular values serve as driving forces for a materialistic orientation. For future research, three material scales, developed by Inglehart (1990), Belk (1985) and Richins and Dawson (1992) respectively could be tested in China to see which one is more culturally generalizable. Further research will be of more value if the level of economic deprivation and satisfaction of individual needs are included in the model.

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Information Search among Chinese Consumers: Does Cultural Orientation Matter?

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Abstract

Information search is an important stage in consumer decision making process. Using a quasi-experimental design, this study examines the relationships between Chinese consumers’ cultural orientations and their internal and external information search after being exposed to negative brand information. Results show that Chinese consumers’ levels of collectivism, uncertainty avoidance and long-term orientation have significant and positive relationships with their information search behaviour. Theoretical and practical implications are discussed.

Keywords: information search, negative information, brand, Hofstede, cultural orientation, China
Track: International Marketing

1.0 Introduction

Consumer decision making is a complexed process involving multiple stages. Information search is considered to be one of the most important stages that can ultimately influence the purchasing decision (Peterson and Melina 2003). Limited research has been found between culture and information search under the exposure of negative information. This study intends to bridge this research gap by making an investigation within a group of young Chinese consumers.

2.0 Theoretical Development

2.1 Information Search: Internal and External

Information search in the consumer context may be attributed to different reasons. Consumers’ primary motivation to search information is to satisfy their information needs (Grant et al., 2007). In order to make better purchasing decisions, consumers engage in information searching before their purchases. Consumers may also go for information search in order to minimize the transaction or other types of risk (Turnbull et al., 2000). Information search determines consumer engagement with a brand, which will influence most stages of the decision making process (Peterson and Merina, 2003).

Two types of information search have been identified in the consumer behaviour literature: internal and external information search (Marzursky and Hirschman, 1987; Quester et al., 2007). Internal search happens when a consumer uses his or her own memory (e.g., from previous experience) to search relevant information (Money and Crotts, 2003). The other type of search is called external search. In an external search, consumers search relevant information through any kind of source except the consumer’s own memory (Jepsen, 2007). Consumers often talk to people around them for external information; however, Internet nowadays has become another key format of external information (Henning-Thurau et al.,
Garbarino and Lee (2003) argued that consumers were likely to do external search among people if they thought the information in their real life was different from the internet. Peterson and Merino (2003) claimed that internal and external search should be related because external information search depends upon a person’s memory. Consumers with good product knowledge are more likely to do external search than novice consumers because the former had good knowledge on important choice variables (Brucks, 1985).

Information search has been rarely examined along with culture or cultural values. One exception was Fong and Burton (2006) who found that Chinese consumers were more willing to request information on internet or engage in electronic word of mouth (eWOM) communication if they were uncertain about the product or service than western consumers. However, none of the reported studies have measured cultural values.

2.2 Information Search and Negative Information

Despite of a wealth of literature on information search, only a couple of studies have looked at the relationship between information search and negative information (e.g., Shaw and Steers, 2000). Ong (2011) found that consumers often searched online product reviews before they decided to purchase a product. Their findings also revealed that most consumers trust negative reviews more than positive reviews. Kim and Song (2010) and Pan (2011) found that consumers would be more likely to do external search if they had read negative online reviews. Shaw and Steers (2000) found that a consumers’ external search after being exposed to negative information was moderated by the extremity of the negative information. If the negative information is believed to cause serious consequences, a consumer will be most likely to go for external search on the affected brand; however, if the consequence of the negative information is only moderate, consumers generally have little interest in doing any external search. Shaw and Steers (2000) also believed that information search may be influenced by cultural variables (Shaw and Steers, 2000). However, no empirical study has ever examined the impact of cultural variables on search behaviour.

2.3 Culture and Information Search

Culture has long been considered as one of the most important factors that decides consumer behaviour in different nations (Hsieh et al., 2004). Hofstede’s cultural dimension framework has been widely adopted in the marketing field to understand the impact of culture on consumer behaviour (Steenkamp, 2001). Although Hofstede’s cultural values are often used to distinguish cultures, they should be appropriate to distinguish people at the individual level because they are developed from “trait theory about human personality” (Hofstede, 2010). Thus, Hofstede’s cultural dimensions can be used to represent an individual’s cultural orientations. Clugston et al. (2000) found that there were variations of Hofstede’s cultural dimensions among individuals in the same nation, and these variations reflect individual differences. Moreover, Kirkman et al. (2006) found that the amount of research using Hofstede’s cultural dimensions as an individual’s cultural orientations was more than research using the dimension at the national level. Thus, this study will adopt Hofstede’s cultural values as an individual’s cultural orientation in order to examine the impact of culture on Chinese consumers’ information search behaviour with regards to negative brand information.

Limited research has examined cultural values and information search behaviour. Collectivism, one of Hofstede’s cultural dimensions, was investigated in travel-related research. Collectivism refers to the level of interdependence between an individual and a
group, and more-collectivistic individuals are more likely to focus on group norms as compared to less-collectivistic individuals (Hofstede, 2010). Chen (2000) discovered that more and less-collectivistic travellers appeared to rely on different sources of external search. Similarly, Money and Crotts (2004) found that low-collectivistic tourists were less likely to accept the information from commercial sources such as travel agencies because they were more willing to do extensive information search rather than just getting existing information from commercial sources.

Uncertainty avoidance (UA) is another cultural dimension which has been researched in the context of information search. UA is defined as “the extent of feeling threatened by uncertain or unknown situations”(Hofstede, 1991, p.113). People with a high level of UA are less likely to accept ambiguity and more willing to adopt explicit information (Reisinger and Turner, 1999). In Dawar et al. (1996)’s study, UA was identified as an important contributor for different types of external search behaviour. Money and Crotts (2003) had a similar finding that tourists with higher UA levels were more likely to choose travel agencies or mass media (such as advertising) as their external information sources, compared with the tourists with lower UA levels. Besides travel agencies and mass media, Word of mouth (WOM), or opinions from others, is another important source for tourists to gain information in order to reduce risk (Rosen and Olshavsky, 1987). Money and Crotts (2003), for example, found that tourists with higher UA levels, as compared to tourists with lower UA levels, were more willing to search opinions from other tourists than from their travel agencies.

Besides the collectivistic and uncertainty avoidance dimension, Hofstede’s long-term orientation (LTO) dimension (or value) has also been examined in relation to information search. Individuals with higher levels of LTO are more likely to be concerned with shame and persist in keeping good relationships with others, than those with lower levels of LTO (Hofstede, 2010). Doran (2002) found that Chinese visitors who presumably had higher LTO values did more external information search before making their decisions on travel destinations than North American visitors who presumably had low levels of LTO value. Similarly, Correia et al. (2011) found that tourists with higher LTO value preferred to do more external information search to support their final travel decisions than tourists with a lower LTO value.

Consumer information search behaviour has been investigated for a long time, but a high percentage of these studies focus on tourism industry whilst limited research is found with relations to negative information of a product or service. Dean (2004) indicated that negative information may lead to detrimental consequences on the brand affected. Negative information is very prevalent in today’s society and more knowledge needs to be developed in order to understand consumer search behaviour related to negative information. Further, previous literature on negative information has focused on western countries while little research attention has been paid to consumers in other cultures. As China has grown into one of the world’s largest emerging economies, there has been an increasing interest in research related to Chinese consumers and their buying behaviour. The objective of this research effort is to understand the relationship between Chinese consumers’ cultural orientations and their information search behaviour after they are exposed to negative brand information. Below are the propositions:

Proposition 1: A subject’s level of collectivism is strongly and positively related to the subject’s inclination towards internal search (P1a) and external search (P1b).
**Proposition 2:** A subject’s level of uncertainty avoidance is strongly and positively related to the subject’s inclination towards internal search (P2a) and external search (P2b).

**Proposition 3:** A subject’s level of long-term orientation is strongly and positively related to the subject’s inclination towards internal search (P3a) and external search (P3b).

### 3.0 Research Methodology and Data Collection

Undergraduate students from a key university in Shanghai were selected to be the sample of this study. Students suit experimental studies under controlled conditions; further, there is “no real advantage of real people over students- assuming the student’s behavior falls within the domain of the theory” (Lynch, 1999, p.371). Banks were chosen for this study as this category is easily affected by negative information in China (Liu and Yu, 2013). Furthermore, banking is considered to be one of the most internationalized service industries and a suitable platform for studying the influence of culture on consumers (Malhotra et al., 2005). Industrial and Commercial Bank of China (ICBC), one of the four major banks in China, was chosen as the brand and all subjects reported that they knew this brand.

A total of 352 valid questionnaires were collected. All of the participants (between 18-23 years) were business majors. Around 68% of the participants were ICBC’s current customers, and the rest reported that they were not customers of ICBC but they knew the bank. Subjects were randomly assigned into two conditions: a low-risk design included a piece of negative news reporting that a customer made a complaint about the waiting time in the bank; a high-risk design included a piece of negative news reporting that a customer lost $10,000 dollars due to a transaction error that the bank has made. These two conditions were selected after pretests for realism and familiarity. To control for the believability of the news, both designs included a statement that ACCC (the Australian authority) confirmed that the reported case is true. Manipulation checks showed that the manipulation (low versus high risk) was successful and that the case was perceived to be realistic. Among the sample, 48% were exposed to the high-risk design and the rest were exposed to the low-risk design. Subjects in both groups were asked questions about their cultural orientations and their intention of doing information search, using 7-point Likert scales (1-strongly disagree to 7-strongly agree).

The cultural orientation measurements on collectivism, risk avoidance and LTO were adopted from Hofstede (2010). The measure of information search behaviour was adopted from Peterson and Melina (2003). A pre-test was conducted to ensure that the original scale instruments were properly translated and clearly understood by the Chinese sample. Confirmatory factor analyses were conducted and all factors were confirmed with good reliability scores (due to the limited space, results of the factor analyses are not included in this paper, but they are available upon request). The subjects were also asked questions about their demographic background and if they were current or past customers of ICBC.

### 4.0 Results

Bivariate correlation tests were employed. Results (Table 1 &2) showed a significant relationship between collectivism and internal search under the low risk condition (p=0.003), but not under the high-risk condition (p=0.117). Thus, P1a was partially supported. Results showed significant relationships between collectivism and external information search, irrespective of risk (low-risk, p=.028; high risk: p<.001). Thus, P1b was fully supported. Uncertainty avoidance has a significant relationship with internal search, irrespective risk (low-risk, p=.001; high risk: p=.047). Thus, P2a was supported. With regards to external
research, the relationship was significant at the low risk condition (0.017) but insignificant at the high-risk condition (0.886). Thus, P2b was partially supported. LTO appeared to have significant relationship with both internal and external research under the high risk level (p=0.001). Thus, P3a and P3b were rejected under low risk condition.

Table 1. Cultural Orientations and Information Search Behaviour (under Low-Risk Condition)

<table>
<thead>
<tr>
<th>Low Risk</th>
<th>Indexes</th>
<th>Collectivism</th>
<th>UA</th>
<th>LTO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Search</td>
<td>Pearson Correlation</td>
<td>.222*</td>
<td>.235*</td>
<td>.042</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.003</td>
<td>.001</td>
<td>.579</td>
</tr>
<tr>
<td>External Search</td>
<td>Pearson Correlation</td>
<td>.163</td>
<td>.177</td>
<td>.025</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.028</td>
<td>.017</td>
<td>.737</td>
</tr>
</tbody>
</table>

Table 2: Cultural Orientation and Information Search Behaviour (under High-Risk Condition)

<table>
<thead>
<tr>
<th>High Risk</th>
<th>Indexes</th>
<th>Collectivism</th>
<th>UA</th>
<th>LTO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Search</td>
<td>Pearson Correlation</td>
<td>.022</td>
<td>.152</td>
<td>.264</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.776</td>
<td>.047</td>
<td>.000</td>
</tr>
<tr>
<td>External Search</td>
<td>Pearson Correlation</td>
<td>.271*</td>
<td>.011</td>
<td>.249</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.886</td>
<td>.001</td>
</tr>
</tbody>
</table>

5.0 Conclusion and Limitations

The major objective of this research is to investigate that the relationship between individual cultural orientation with search behaviour under the context of negative information. Most of the results showed significant relationships between cultural orientation including collectivism and risk avoidance and information search. Results, however, did not support a significant relationship between LTO and search behaviour for most analyses. Under the high risk condition, individuals with higher levels of collectivism are more likely to do external search rather than internal search. Under the same condition, however, individuals with higher levels of UA rely more on internal search than external search. LTO has a positive and significant relationship with both internal and external search, irrespective of the high or low risk level. Results from Table 1 and 2 also suggest that perceived risk influences the relationship between cultural orientations and information search (Turnbull et al., 2000).

This study had a number of limitations. The study did not control for the nature of the subject; for example, some subjects were current customers of the brand whilst others were not. Winchester and Romaniuk (2008) found that current brand users had higher tendency to be affected by negative information than non-users. Furthermore, consumer knowledge was not examined in the study. Consumers with low or high product knowledge may have different search behaviour under the negative information context. The potential influence of product knowledge may explain why some hypotheses were not fully supported. Future research should examine the impact of consumer knowledge. In summary, findings of this study add to the limited literatures on cultural orientation and information search behaviour. The findings also help brand managers develop better understanding on the impact of culture in consumer responses to negative information.

References


INTERNATIONAL MARKETING ABSTRACTS
Investigating the Impact of Guilt and Shame Proneness on Consumer Ethics: A Cross National Study

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Abstract

Studies show that emotions of guilt and shame significantly influence how people live their daily lives when it comes to making ethical decisions. Nonetheless, individuals’ proneness toward guilt and shame has received limited attention in consumer behavior literature. Thus, the purpose of this study is: to investigate the impact of proneness towards guilt and shame on various ethical decision-making situations in Indonesia and Australia. Results between the two countries (Australia and Indonesia) reveal more similarities than differences. Consumers with high guilt-proneness are less likely to agree on those unethical behaviors. This study has important theoretical implications for understanding the similarities and differences between both nations and the impact of guilt and shame proneness on consumer ethics.

Keywords: consumer ethics, guilt proneness, shame proneness, Australia, Indonesia

Track: International Marketing
Frontline Employee’s Intercultural Competence: Does it impact Customer Evaluations of an Intercultural Service Encounter?

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Abstract

Globalization has led to an exponential growth of intercultural service encounters. In view of the importance of customer-orientation in services, we investigate the effect of the frontline employee’s intercultural competence on customer’s affective and cognitive evaluations of intercultural service encounters. The focus of this study is on the effect of employee cultural competence, relative to employee technical competence and cultural distance. A 2x2x2 full-factorial design (N= 322) with video vignettes was used. MANOVA results show significant main effects of employee intercultural competence and employee technical competence on both types of customer evaluations. Moreover, employee intercultural competence positively moderates the effects of employee technical competence, and eliminates a negative effect of cultural distance. We conclude that employee intercultural competence is a powerful extra-role behavior with an additive effect on both the affective and cognitive evaluation of intercultural service encounters, even when ETC is at a low level.

Key words: Intercultural Service Encounters, Intercultural Competence, Cultural Distance, Hospitality, Relationship quality

Track: Services Marketing
Country of Origin, Consumer Ethnocentrism and Animosity Effects in a Least Developed Country: The Case of Tanzania

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Hester Van Herk VU University Amsterdam, The Netherlands

Abstract

Country of Origin (COO), Consumer Ethnocentrism (CE) and animosity have previously been studied in Western economies and occasionally through etic approaches in Emerging Economies (EE’s). We employed an emic approach to interview 66 respondents in Tanzania, a Least Developed Country (LDC). We find country in which a product was developed is particularly relevant for middle- and upper class consumers in Tanzania, but not for the lower class majority. Managerially, we report relevant findings concerning COO and animosity regarding the largest international economies, i.e., the US, China and Europe, next to CE effects that are primarily informative for Tanzanian and international trade policy makers.

Keywords: Country of Origin, consumer ethnocentrism, consumer animosity, Africa

Track: International Marketing
Intention–Behavior Discrepancy for Foreign Versus Domestic Brands and Product Knowledge: Evidence from China Automobile Industry

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Abstract

This paper examines the effect of a foreign versus domestic brand origin on consumers’ intention–behavior discrepancy (IBD) in an emerging market. Relying on cue utilization theory, we also investigate the role of product knowledge in moderating this effect. Through a large-scale two-round survey in China’s auto market, we find that consumers show lower IBD for foreign brands, but this advantage of foreign brands is smaller for consumers with inaccurate product knowledge. Further investigation shows that knowledge underestimating (vs. overestimating) the target product reduces the foreign brands’ advantage more. Managerial implications for firms are discussed.

Keywords: intention-behavior discrepancy, brand origin, cue utilization, product knowledge

Track: International Marketing
Influence of Country-of-Origin on Overseas Supplier Performance

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Abstract

The large body of COO literature is highly skewed toward consumers in comparison to business buyers. Purchasing managers, when sourcing products from international suppliers, will typically use country- and company-based perceptions in evaluating and choosing preferred suppliers. The selection of supplier company, therefore, leads buyers to expect superior supplier performance. This study, therefore, follows a multi-cue setting and investigates the relative influence of both company and country on international supplier performance. The country effect measures previously used in the literature have captured mostly product-related country image without considering the overall country image. The use of supplier performance as an outcome variable is also new in COO literature and can exhibit superior relevance to real life business practices than previously used supplier preference. Results show that both company and country influence on international supplier performance is statistically significant and that company influence is considerably higher than country influence.

Keywords: COO, B2B buyers, company effect, supplier performance

Track: International Marketing

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Country of origin branding: Integrating collective meaning with identity and image

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Abstract

We develop a new conceptual framework that provides a contemporary perspective on Country of Origin (COO) branding and illustrate its power using a case study assessing the strength of the New Zealand wine brand. The New Zealand wine industry’s COO branding, initially built around the country image of “green” production, was superseded by a branding strategy that focuses on developing the collective meaning of the COO brand. A collective approach to branding involves broad considerations, with the brand used to facilitate processes that co-create experience and meaning reflecting collective interests. This means aligning industry relationships, with value co-created within a network of stakeholders that contribute to the heritage of the brand and its positioning as the COO. Our intended contribution is a wider conceptualization of COO, with shared identity and image integrated to form collective meaning which cocreates value to fulfil the expectations of a brand’s promises.

Keywords: Country of Origin, Branding

Track: International Marketing
Abstract

In the era of globalization, consumers often encounter various forms of “cultural mixing” and display divergent responses. This research investigates consumer responses to cultural mixing through a cultural domain perspective. Based upon pertinent theories from a variety of fields, we first developed a culture domain theory that distinguishes three important cultural domains: the material domain, the symbolic domain and the cosmological domain. We then proposed that consumer reactions toward cultural mixing objects hinge on both the domain that the focal cultural mixing belongs to, and consumers’ cultural conservativism. An experimental study with participants recruited from a national wide survey website validated the hypotheses. Specifically, consumers show more exclusionary responses toward cultural mixing in the cosmological domain than in the other two domains, and the negative reactions toward sacred cultural mixing are most salient when consumers are culturally conservative.

Keywords: Cultural Mixing, Material Domain, Symbolic Domain, Cosmological Domain, Cultural Conservativism

Track: International Marketing
SERVICE MARKETING
FULL PAPERS
Exploring Relationship Proneness in Consumer-to-Business Relationships

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Abstract
Consumer-to-business relationships are critical to the success of services. Many service organisations invest in relationship marketing (RM) as a mechanism to create competitive advantage and enhance profitability, yet gaps remain in the literature regarding the role of consumer’s personality traits and the influence these traits have on consumer-to-business relationships. Relationship proneness is a personality trait of growing interest and is the focus of this study. A quantitative study of 312 Australian consumers found that relationship proneness positively impacted upon consumer’s desire for a relationship with the service organisation; their level of involvement in the relationship; and their relationship-based retention intentions. These findings address known gaps in the literature, extending our knowledge of consumer-to-business relationships. Importantly, the findings of this study offer meaningful insights for service organisations that invest in RM by explaining, in part, the various levels of engagement by consumers in RM initiatives.

Keywords: relationship marketing, relationship proneness
Track: Services Marketing

1.0 Introduction

Consumer-to-business relationships are the cornerstones of service business success (Christopher et al., 2013). Consumer’s personality traits, while beyond the influence of service organisations, do influence aspects of consumer-to-business relationships such as the display of citizenship behaviours (Anaza, 2014). Relationship proneness is a personality trait that has implications for RM but has been under-researched (Kim et al., 2012). In particular, the influence of consumer’s relationship proneness on their decision to partake in a relationship with an organisation, their level of involvement in the relationship and their intention to stay with the service provider as a result of the relationship are gaps in existing knowledge that are addressed by this research. Accordingly, this study set out to address the research question: ‘Does consumer’s relationship proneness impact their relationship desire, relationship involvement and relationship-based retention intentions (RBRI) in consumer-to-business relationships with service organisations?’

2.0 Relationship proneness in consumer-to-business relationships

Relationship proneness is a personality trait of growing interest in studies of consumer-to-business relationships (e.g. Adjei and Clark, 2010; Kim et al., 2012; Odekerken-Schröder et al., 2003). As is the nature of personality traits, such psychological characteristics are independent of the environment in which the individual finds themselves and manifest in terms of universal attitudes and behaviours (Kassarjian and Sheffet, 1991). An individual’s psychology has implications for marketing in that personality traits are reflected in particular shopping and consumption patterns and their predisposition to engage in relationships (Bendapudi and Berry, 1997; Sheth et al., 1988). However, the extent of the impact of relationship proneness on consumer-to-business relationships and subsequent behavioural intentions in various service settings remains unclear.
In the seminal study by Odekerken-Schröder et al. (2003), they described relationship proneness as being a stable tendency of the consumer to engage in a relationship with a business. Focusing upon a product-oriented context, Odekerken-Schröder et al. (2003) found that relationship proneness impacted upon relationship commitment, questioning Kalwani and Narauandas (1995) suggestion that such consumers would be relatively more difficult to satisfy in a consumer-to-business relationship. Nonetheless, Odekerken-Schröder et al. (2003) strongly advocate the inclusion of relationship proneness in all RM research with mixed results emerging in the few studies to date. For example, Bloemer et al. (2003) extended exploration of relationship proneness from a product-oriented context to a single service setting, namely hairdressing. Bloemer et al. (2003) found no support for the impact of relationship proneness directly upon repeat purchasing for hairdressing services. Others have found evidence of a positive impact upon relationship satisfaction, perceived risk, trust and related buyer behaviour measures in retail settings (e.g. Adjei and Clark, 2010; Beatty et al., 1996; Kim et al., 2012).

2.1 The influence of relationship proneness on consumer’s relationship desire

Relationship desire refers to consumer’s choice to engage in a relationship with a service organisation — the want for the relationship as alluded to by Arnold and Bianchi (2001), Danaher et al., (2008) and Noble and Phillips (2004). Consumers are faced with numerous relationship offers from service organisations, more than they can practically undertake (Fournier et al., 1998). Thus, consumer’s desire to participate in a relationship with a service organisation is clearly critical to the success of that organisations RM efforts and, ultimately, their retention agenda (Bendapudi and Berry, 1997; Christopher et al., 2012). Despite acknowledgement that much of the success of a RM program rests with the consumer’s choice to participate (Becker, 1960), relationship desire is under-researched. As relationship proneness is a personality trait of the consumer, it operates as an antecedent in consumer-to-business relationships (Odekerken-Schröder et al., 2001). Intuitively, it seems apparent that the relationship proneness of the consumer would be linked to a desire to be part of a consumer-to-business relationship. That is, consumer’s whose personality means they have a psychological predisposition to engage in relationships are more likely to choose to participate in a relationship with a service organisation. Formally stated:

H1. Relationship proneness positively impacts upon relationship desire.

2.2 The influence of relationship proneness on consumer’s relationship involvement

Relationship involvement draws from the concept of consumer involvement. Consumer involvement is an established notion in the marketing literature that describes the personal relevance of a decision to an individual (Zaichkowsky, 1985) and it remains an important area of research (e.g. Fatima and Razzaque, 2013; Pick and Eisend 2014). Anchored in consumer behaviour theory, Zaichkowsky’s (1985) seminal work in developing a personal involvement inventory sought to address the notion that consumers do not approach each purchase situation in a uniform manner but rather that they engage different levels of involvement dependent on the purchase at hand. Consumer’s involvement plays a role in consumer-to-business relationships, particularly as a mediator of decision making (see De Wulf et al., 2001; Varki and Wong, 2003). For this study, relationship involvement was defined as a measure of the personal relevance of the relationship to the consumer and this forms the basis for determining their level of engagement in the RM efforts of the service organisation. This focus upon personal relevance is congruent with the work of Krugman
Drawing from the extant literature, it was anticipated that a consumer’s relationship proneness was likely to influence their level of relationship involvement. Hence, the following hypothesis is offered:

**H2.** Relationship proneness positively impacts upon relationship involvement.

### 2.3 The influence of relationship proneness on consumer’s RBRI

RBRI is important to service organisations as retention is the key output of RM activities and, indeed, is the core appeal of RM (Payne and Frow, 2013). Retention intentions are the focus of this research as the best predictor of an individual’s overt behaviour is their stated intention to perform the behaviour (Fishbein and Ajzen, 1975) and the relationship between intentions and actual behaviour has been found generally to be positive and significant (Young *et al.*, 1998). The link between relationship proneness and consumers decision to stay with a service organisation is mixed. While Bloemer *et al.* (2003) found no direct relationship between relationship proneness and the broader measure of behavioural intentions for a single service, the larger study of retailers conducted by Adjei and Clark (2010) provided contrary evidence, perhaps reflective of the research setting. Adjei and Clark (2010) did establish an empirical link between relationship proneness and the broader measure of behavioural intentions which, in turn, led them to conclude that high levels of relationship proneness are associated with a lesser inclination to switch providers.

Retention intentions may be influenced by many factors and while the aforementioned studies employ the broader measure of behavioural intentions; this research is concerned specifically with the consumers’ intention to remain with their current service provider based upon their evaluation of their relationship with the service organisation. As such, the output measure of interest in this research is more narrowly focused upon RBRI. Thus, drawing from the extant literature, it is hypothesised that:

**H3.** Relationship proneness positively impacts upon RBRI.

### 3.0 Methodology

The quantitative survey for this study was pre-tested on a convenience sample of 37 respondents. For the subsequent main study mail-based survey, a sample of the general population in Australia was sought. The sampling frame was equally divided by Australian State/Territory, gender and age-group. A permission-based, commercial survey panel provider supplied a mailing list of a national sample of 5,000 people aged 18 year or older via a systematic random draw from their database. After removing incomplete surveys and those with incorrect address details, a total of 312 useable surveys were returned for this study, resulting in a response rate of 312 (5000 – 91) = 6.4%. Low rates of response such as this are typical in mail surveys (Dillman, 1991). There remains no minimum standard for an acceptable response rate (Cummings *et al.*, 2001) and gains in terms of wide geographic coverage, less distribution bias and increased likelihood of more thoughtful replies (Erdos, 1974) were afforded by the administration of a national mail survey. Response rate does not singularly indicate nonresponse bias; therefore, as recommended by Dillman (1991), an assessment of the presence of nonresponse bias and the similarity in characteristics of the respondents to the population of interest (being general Australian consumers) was conducted. Accordingly, Armstrong and Overton’s (1977) test for non-response bias reported no
significant difference between early respondents and late respondents (p > 0.05) in terms of their age, their level of income and level of education attainment. Further, national data reflected a similar profile to that of the respondents with an ageing population, more females than males and a largely tertiary level of educational qualifications (Australian Bureau of Statistics, 2012; 2013). Together the test for non-response bias and comparison to national population information indicated that data were appropriate for analysis.

Regarding measures, existing scales were adapted as necessary following pre-testing. The relationship proneness scale was adapted from Odekereken-Schröder et al. (2003); the relationship involvement scale was adapted from Zaichkowsky (1994); and the relationship desire scale was adapted from Mano and Oliver (1993), Bagozzi and Warshaw (1990) and Maheswaran and Meyers-Levey (1990). The RBRI scale was developed for this research and included four items such as ‘The relationship I have with this service provider is an important part of my decision to remain a customer of this service provider’ and ‘I keep going back to this service provider because of the relationship I have with them’. All items were measured on 7-point Likert-type scales with 1 representing ‘strongly disagree’ and 7 representing ‘strongly agree’. Exploratory factor analysis using SPSS verified the factor structures with all scales found to be one-dimensional. The subsequent confirmatory factor analysis in SPSS found that all items were strong measures of their respective constructs (relationship proneness = 5 items, loadings 0.82-0.90, α = 0.90; relationship involvement = 4 items, loadings 0.86-0.90, α = 0.91; relationship desire = 5 items, loadings 0.89-0.92, α = 0.95; and RBRI = 4 items, loadings 0.89-0.96, α = 0.95).

All construct reliability estimates exceeded 0.70 and average variance extracted exceeded the criterion value of 0.50 indicating consistency among the items in the scale (Hair et al., 2010). Item loadings indicated convergent validity was apparent (Anderson and Gerbing, 1988). Harman’s single-factor test found no evidence of common method bias (Podsakoff et al., 2003). Multicollinearity was not evident and Fornell and Larker’s (1981) test for discriminate validity was met. Following assessment of the measures, scale items were combined into composite variables for each construct for which Cronbach’s alpha values (0.90—0.95) indicated high reliability (Hair et al., 2010).

4.0 Results

Multiple regression was used to test the hypotheses in SPSS. Table 1 presents the results.

<table>
<thead>
<tr>
<th>Hypothesised Relationship</th>
<th>Loading</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₁ Relationship Proneness → Relationship Desire</td>
<td>β = 0.56; p &lt; 0.01</td>
</tr>
<tr>
<td>H₂ Relationship Proneness → Relationship Involvement</td>
<td>β = 0.23; p &lt; 0.01</td>
</tr>
<tr>
<td>H₃ Relationship Proneness → RBRI</td>
<td>β = 0.45; p &lt; 0.01</td>
</tr>
</tbody>
</table>

As presented in Table 1, all hypotheses are supported. Applying Kline’s (1998) nomenclature for interpreting path coefficient magnitudes, the results show that relationship proneness had a large effect on relationship desire (H₁, β = 0.56); a small-to-medium effect on relationship involvement (H₂, β = 0.23); and a medium effect on RBRI (H₃, β = 0.45).

5.0 Results
First, this study found that relationship proneness positively impacts upon relationship desire. This finding is similar to that of Odekerken-Schröder et al. (2001) in that relationship proneness is important to RM efforts and confirms the hypothesised assumption that the psychological predisposition of a consumer towards relationships will influence their likelihood of choosing to engage in a relationship with a service organisation. This finding highlights for practitioners that factors beyond the control of the service organisation may influence consumer’s choice to participate (or not) in RM activities; thus has implications for their retention agenda. Second, this study empirically confirmed that relationship proneness positively impacts upon consumers’ relationship involvement, albeit to a relatively small-to-medium extent. The finding confirms that a consumer’s predisposition to engage in relationships is a factor in their level of involvement in a consumer-to-business relationship, extending De Wulf et al. (2001) and Varki and Wong’s (2003) research. For practitioners this finding of a small-to-medium link suggests that relationship proneness is one factor that, among others, can explain the personal relevance of a relationship to a consumer. As service organisations have no influence on consumer’s psychological disposition, this finding optimistically suggests that wider spectrum of influences, some of which may be influenced by the organisation, can heighten involvement in RM endeavours. Thirdly, relationship proneness positively impacts upon RBRI, which is a key output measure of the success of RM activities and RM investment (Christopher et al., 2013). This finding corroborates Adjei and Clark’s (2010) research and, hence, it is concluded that RBRI operates similarly to the broader measure of behavioural intentions yet provides a more accurate measure to the consumers intention to remain with their current service provider based on their evaluation of their relationship with that service provider. As such, RBRI may be a more useful measure for service organisations seeking to evaluate the RM endeavours as distinct from other activities aimed at increasing consumer retention.

Finally, the limitations of this research include the measurement of consumer’s perceptions of a selected range of constructs, at a single point in time and using a methodology that impacts the generalisability of the findings. Future research may focus upon other personality traits and their role in RM endeavours across a range of service contexts.

6.0 References


Exploring the Role of Envy and Positional Concerns in Service Experiences: A Conceptual Model

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Abstract
Emotions are fundamental drivers of consumer engagement. While many emotion related factors have been examined in the extant marketing literature, the role of envy has been overlooked (Belk 2011), particularly in service contexts. This paper addresses this gap, proposing a conceptual model of the role of envy and positional concerns in service experiences. The literature review provided draws together emergent research examining benign and malicious expressions of envy in consumer contexts, and positional concerns research — a line of inquiry in the economics literature examining the concerns individuals hold about their social position relative to others in personally significant domains. The social comparison processes common to both envy and positional concerns constructs provides the central link on which the conceptual model is developed. This paper aims to make theoretical and practical contributions to services marketing via unique integration of envy and positional concerns and examining their effects on service engagement.

Keywords: envy, positional concerns, service experiences
Track: Services Marketing

1.0 Introduction

The emotion generated by consumer-to-consumer interactions can significantly impact the service experience. It is, therefore, important for services marketers to understand the potential influence consumers have on other consumers in relation to service usage. Envy, the aversive emotional response experienced by individuals who perceive themselves to be lacking in comparison to others, is central to the social evolution of human beings. Typically, the predominating psychological approaches to envy have highlighted the hostile and destructive nature of the experience (Smith & Kim 2007). However, there is a growing body of empirical evidence suggesting envy can be a motivating force that inspires the individual experiencing the emotion to mobilise resources and achieve the envied position. Belk (2011) argues that, although there seems to be a fundamental relationship between envy and consumer behaviour, there has been limited investigation of envy by marketing researchers with a dearth of studies concerning envy in service contexts.

In addition to envy, this paper examines the influence of positional concerns on service consumption; a construct that has emerged in the economics literature but has received limited attention in services marketing. The positional concerns construct is based on the economic phenomenon of positional consumption, a form of consumer behaviour characterised by consumption of goods and services that are affected by scarcity and therefore limited in their availability. The value and reason for consumption of positional goods and services is the increased social status that is connected with a good or service that is available to a relative minority (Hirsch 1976). Increased focus has been placed on positional consumption by economics researchers who view this aspect of consumer behaviour as an artefact of post WWII economic growth in developed countries (Gershman 2011). Economists
contend that improved economic conditions have resulted in decreased income inequality and a concomitant increase in equality of access to material goods. As such, consumer behaviour has shifted away from the consumption of status signalling material goods toward a form of consumption that enables material success and future prosperity through gaining superior social positions in comparison to others (Mason 2000; Gershman 2011; Alvesson 2013). Research in the economics domain has shown that individuals do hold ‘positional concerns’ in relation to their relative standing to others in various consumption situations. This has implications for consumers engaging services that exhibit positional characteristics.

While various aspects of status attainment, a positional phenomenon, have received attention in the consumer behaviour and marketing literatures (e.g. loyalty programs), exploration of the evolved emotional process that drives status attainment has received limited attention. The implications of this for service consumption in high contact service environments is similarly under-explored. As such, an integrated understanding of envy and positional concerns in a service context lacks a theoretical and empirical basis. Accordingly, this paper sets out to address the research question: ‘How does consumers’ envy and positional concerns impact on their service engagement?’ and provides an integrative conceptual framework based on the relevant literature.

2.0 Literature Review

A review of the consumption emotion parent literature highlights the phenomenological nature of the emotion construct and the potential for an array of emotional experiences to develop out of the interaction between subjective consumer experience and a range of consumption contexts. A similar array of potential post-consumption behaviours can flow from the subjective emotional response to consumption situations. It is this ‘multiplicity and richness of emotional experience’ that led Zeelenberg and Pieters (2006 p. 125) to emphasise the distinctive impact of specific emotions as better predictors of consumer behaviour than approaches that conflate emotional phenomenon into broader structures. This developed from Zeelenberg and Pieters’ (2004) work examining the influence of specific emotions, regret and disappointment, on the behavioural decisions of consumers dissatisfied with a service. The authors found that the closely related emotions regret and disappointment were associated with different post-consumption behaviours including switching behaviour and word-of-mouth communication respectively (Zeelenberg & Pieters 2004). Furthermore, the specific emotions were better predictors of post-consumption behaviour than more general dissatisfaction which was measured by combining regret and disappointment (Zeelenberg & Pieters 2004).

2.1 Envy

Given the number of specific emotions identified in the literature to date, research examining their impact in consumption settings is somewhat limited. However, several areas of inquiry into specific emotions have identified the role of anger in service dissatisfaction (Bougie et al. 2003). Also, fear and joy have been examined in relation to the consumption of adventure tourism (Carnicelli-Filho et al. 2010; Faullant et al. 2011). The role of envy, the central construct of interest in this paper, has also received recent attention (Belk 2011).

In the psychological literature, envy is often viewed as a product of the social comparison process and provides a mechanism by which individuals can ascertain how they are performing relative to those around them. Hill and Buss (2008) describe envy as an
emotional alarm that alerts individuals they are being out-performed by a rival competing for similar resources. Van de Ven, Zeelenberg and Pieters (2009, 2011) have been at the forefront of empirical investigations into both benign and malicious forms of envy. In their cross-cultural analysis, Van de Ven et al. (2009) examined the experiential content of recalled incidents of benign and malicious envy in the Netherlands, U.S.A. and Spain with the authors concluding that a clear distinction exists in the thoughts, feelings and action tendencies elicited by the different envy experiences. Specifically, a benign form of envy resulted in increased motivation to gain the advantage held by another and was more likely to lead to compliments and wanting to be around the superior other. Conversely, the malicious expression of envy resulted in ill will toward the holder of the advantage, a desire for them to lose it and an increased willingness to gossip about or degrade the superior other (Van de Ven et al. 2009). A potential explanation for the difference in behavioural outcomes for benign and malicious envy is offered by Crusius and Lange (2014) who identified that individual’s attentional resources were directed differently depending on the type of envy experienced. With benign envy, attention was biased toward opportunities in the environment to improve performance whereas malicious envy was associated with attentional bias toward the envied person (Crusius & Lange 2014).

Extending their research to a consumer goods context, Van de Ven et al. (2011) examined the impact of benign and malicious envy on the value placed on a good owned by a superior other. Both benign and malicious envy resulted in increased motivation to buy the product held by the superior other (in this case, a smart phone). However, those experiencing benign envy were more likely to pay more for the specific brand of smart phone owned by the superior other while those experiencing malicious envy showed increased motivation to buy an alternative brand of smart phone (Van de Ven et al. 2011). In line with the Crusius and Lange (2014) finding, benign consumers focused on obtaining the product held by the envied person and were prepared to commit more resources to obtaining it (i.e. pay more), while the consumption decisions of maliciously envious consumers were shaped by a desire to differentiate themselves from the envied person.

2.2 Positional concerns

Positional concerns research has emerged as a line of inquiry in the economics literature examining the concerns individuals hold about their position relative to others in personally significant domains. Initially, this line of research identified various domains in which people held positional concerns including: income (Solnick & Hemenway 1998; Luttmer 2005), physical attractiveness and praise from a supervisor (Solnick & Hemenway 1998), clothing and size of house (Solnick & Hemenway 2005). Extending this line of research, Solnick and Hemenway (2005) also examined which domains attracted more positional concerns than others and concluded that income is more positional than leisure; people are more concerned about their relative experience of good occurrences compared with being more concerned about the absolute amount of bad occurrences (a similar relationship exists between gains and losses); and, clothing and size of house are more positional than health and safety.

2.3 Positional concerns and envy in service contexts

Higher education has been described as a positional commodity (Marginson 2006). Salinas-Jimenez et al. (2011) examined the influence of positional concerns on life satisfaction derived from higher education consumption. The authors found education
contributed to subjective wellbeing but only when the level of education attained by an individual was attained by fewer others (Salinas-Jimenez et al. 2011). This can be linked with the somewhat related finding that positional concerns are higher in domains that require social comparison information to evaluate outcomes (Bogaerts and Pandelaere 2013). In addition, Bogaerts and Pandelaere (2013) argue that social comparison elicits strong emotional reactions that trigger a competitive mindset which drives the comparer to be better off than others.

Taken together, the Salinas-Jimenez et al. (2011) and Bogaerts and Pandelaere (2013) findings highlight the link between positional factors in a service context and emotion as a driver of personal improvement in situations characterised by high incidence of social comparison. The emotional reaction referred to by Bogaerts and Pandelaere (2013) can reasonably be filled by the envy construct. These findings also highlight the potential influence of consumer-to-consumer interactions on service engagement particularly in high contact service environments like higher education (Harrison-Walker 2010).

2.4 Service commitment

Affective commitment refers to the psychological and personal involvement a consumer has with a service organisation and is the outcome variable in this study. Based on Allen and Meyer’s (1990) work on employee commitment, affective commitment has been extended to services marketing contexts and is seen as an essential driver of retention (Gustafsson et al. 2005). As such, use of affective commitment as an outcome variable can provide important information to marketers looking to develop retention strategies. Exploration of the relationships between envy, positional concerns and affective commitment are elucidated by the conceptual model presented in the next section.

3.0 Conceptual model and hypotheses

The literature review provides a number of findings across a range of disciplines that require drawing together to develop the conceptual framework. To assist this process, a general model of emotion developed by Zeelenberg & Pieters (2006) is provided in figure 1.

Figure 1: Relationship between emotion and behaviour

The precipitating event depicted in figure 1 represents those aspects of a situation that are personally relevant to an individual. The individual appraises the progress of their goal in relation to the precipitating event resulting in the emotional experience and subsequent behavioural response which is directed at addressing any change in goal status as identified by the appraisal (Zeelenberg & Pieters 2006). For example, in a service context where an individual uses social comparisons to evaluate a goal (e.g. succeeding at university), the individual’s awareness of their performance relative to others (i.e. their positional concerns) increases (Bogaerts & Pandelaere 2013). If appraisal of a social comparison results in the service consumer recognising they are being out-performed, envy is a likely emotional outcome (Hill & Buss 2008). However, the individual experience of envy may vary between benign and malicious forms of the emotion resulting in different consumption responses (Van de Ven et al. 2009; 2011). In line with the Van de Ven et al. (2011) findings, increased
motivation to engage with the service environment (i.e. increased affective commitment) is predicted to occur as a result of benign envy and increased motivation to differentiate from the envied person through disengagement with the service environment (i.e. decreased affective commitment) is predicted to occur as a result of malicious envy. Figure 2 provides the proposed conceptual model via a reconfiguration of the elements in figure 1 based on the extant literature. While behavioural response, as depicted in figure 1, is not explicitly explored by the conceptual model, the outcome variable (affective commitment) encapsulates associated behavioural responses that have implications for service retention.

The following hypotheses are derived from the conceptual model presented in figure 2:

**H1.** Service consumers perceived positional concerns are positively associated with their perceptions of envy in general.

**H2a.** Service consumers perceived benign envy is positively associated with higher levels of service commitment.

**H2b.** Service consumers perceived malicious envy is positively associated with lower levels of service commitment.

### 4.0 Conclusion

Envy is considered an important driver of consumer behaviour but has received limited attention in services marketing contexts. Positional consumption, a consumer behaviour considered to be a significant contributor to economic decision making and growth, has been similarly overlooked in the marketing literature. Based on links drawn from the literature in relation to social comparison processes inherently associated with both envy and positional factors, this paper proposes a conceptual model for an integrated examination of envy and positional factors in a services context. Due to the dearth of research examining the constructs of interest in a services context, the conceptual model will be tested initially via convergent interviews of general consumers prior to a more extensive qualitative study and subsequent quantitative study. In addition to addressing apparent gaps in the literature, this study also seeks to inform knowledge and practice for marketers in high contact service environments. Future research examining the role of appraisals and the specific behavioural outcomes of envy in high contact service environments is recommended.

### References


Insights into Customer Loyalty in Casinos

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Abstract
This research explored the relationship between service quality and customer loyalty in the casino settings. A newly developed scale named CASERV was used to measure casino service quality. Customer loyalty is operationalized into attitudinal and behavioural dimensions. The results indicate that CASERV has explained significant variance in gambler loyalty. Particularly, casino environment and service delivery made substantial contribution to both attitudinal and behavioral loyalty. When analysing the relationship separately for international and domestic customers, the findings show that casino service quality has little influence on behavioural loyalty in the case of domestic customers. The paper concludes with theoretical and managerial implications.

Keywords: Service quality, casinos CASERV, attitudinal loyalty, behavioural loyalty.
Track: services marketing

1.0 Introduction and literature review

Over recent years numerous casinos have been established in the Asia-Pacific region, and competition has intensified between the various establishments to attract the most lucrative players. As is exemplified by the competitive activities of the various casinos in Macau, Malaysia, Singapore and the Philippines, the region’s casino industry is transitioning from a traditional state-by-state monopoly-style model into a more internationalised open market where competition is unpredictable and not necessarily confined to local jurisdictions. Having survived through this fast changing environment, casino marketers have learnt that competitive advantage involves establishing and maintaining good relationships with existing players. The profitability of such strategies has been evidenced by various reports demonstrating positive relationships between customer loyalty and profitability (see Kale and Klugsberger, 2007; Watson and Kale, 2003).

Given the dynamism and competitiveness of the Asia-Pacific casino environment, those who have patronised a particular casino may not remain loyal when competitors are luring them with attractive offerings. It may depend on the nature of their loyalty. Researchers have operationalized customer loyalty into behavioural and attitudinal dimensions (e.g. Dick and Basu, 1994). Whilst behavioural loyalty guarantees shorter run customer retention, positive attitudes (attitudinal loyalty) have connotations of genuine loyalty and long-term profitability for the firm (Kumar and Shah, 2004). In the casino context, it is evident that not all returning casino players have a positive disposition and not all gamblers retain positive attitudes. Players who return may either be genuinely loyal to the casino, or spuriously loyal, because of situational factors such as locational constraints on choice, or positive experiences of winning. Attitudinal loyalty (sometimes described as behavioural intentions) may determine loyalty more accurately than behaviours (Phillips, Tandoh, Noble and Bush, 2004). Attitudinal indicators may assist casino marketers to separate those who patronise the establishment for reasons of genuine affinity, from those who visit because of availability and convenience. Personal circumstances such as experiencing a series of losses may hamper the return visitation of previously well-disposed players, and changed financial circumstances may constrain their subsequent gaming activities. However the more positively disposed clients will generate word-of-mouth communication and provide referrals. These customers
will retain their commitment to the casino and prospective profitability on the basis of their behavioural indicators. Though building attitudinal loyalty is important for competitive advantage, most forms are also seeking shorter-term benefits which are often manifested by customer behavioural loyalty. Understanding the prospective short- and longer-term effects might assist casino marketers with their decision making and strategy development. In light of these considerations the present study has adopted two-dimensional loyalty to analyse the influence of casino service quality.

## 2.0 Methodology

### 2.1 Sample

To understand the quality-loyalty relationship in casino settings, prospective respondents were recruited within various gaming rooms with a view to obtaining a sample that accommodated all relevant target audiences and was generalizable. The relevant casino has designated various rooms within the gaming area: a General Gaming Room (GGR) that has been created to cater for different types of gamblers including tourists and regular low-end players; an International Gaming Room (IGR) that is mainly for medium-volume players; and the VIP Gaming Room (VIPGR) aimed exclusively at high rollers or premium players. Each room provides players with an area for resting and dining outside their playing periods and is generally targeted at the holders of membership cards. The survey was conducted within the various rest areas and questionnaires were administered to customers who were having a break from playing. Of the various respondents to the questionnaire, the researchers sought their consent randomly to participate in an interview.

### 2.2 Measures

**Service quality** Since the present study was conducted within a casino setting, the researchers have adopted an instrument which was explicitly designed to measure casino service quality - Wong and Fong’s (2011) 12-item CASERV. CASERV is a refinement of the service quality model originally proposed by Rust and Oliver (1994) and assesses four facets of casino service offerings: game service, service environment, food service and service delivery. A rigorous development and validation process involving the conduct of three separate studies was adopted to determine the empirical scale that is used in the case of CASERV. This process resulted in good validities and reliability. The scale also offers the advantage of having been developed on the basis of an Asia-Pacific sample. It was selected as the preferred approach for the conduct of the current study for the reasons noted above. A five point likert-type scale was used to measure CASERV, with 1 = strongly disagree; and 5 = strongly agree. Higher scores are indicative of more positive perceptions of casino service quality. In the present study the applicable Cronbach’s alpha values for these dimensions are respectively: .75 (for game service), .74 (for service environment), .89 (for service delivery), and .72 (for food service).

**Attitudinal loyalty** Zeithaml et al.’s (1996) Behavioural-Intentions Battery (BIB) was used to measure customer attitudinal loyalty. The original BIB is a 13-item scale which measures five behavioural dimensions, namely; Loyalty, Switch, Pay More, External Response, and Internal Response. The researchers reviewed these items in consultation with senior marketing executives based at the survey casino and ultimately adapted five items to suit the purposes and context of the present study. Participants were asked to indicate their likelihood (1 = very unlikely; 5 = very likely) of saying positive things about the casino and
recommending it to others. Higher scores are indicative of more favourable behavioural intentions. The Cronbach’s Alpha coefficient for this adapted scale is .81.

**Behavioural loyalty**
Customer behavioural loyalty was measured on the basis of frequency of annual customer visitation. This was consistent with the approach adopted by the survey casino to measure customer loyalty and retention. Since the customer cohort consisted of both domestic and international players, the casino uses differential scales to measure their loyalty. The casino divides the two player groups into VIP and non-VIP players. In the case of domestic VIP players, those who visit the casino on more than 22 occasions over the course of a year are classified as high frequency visitors (HFVs), those visiting between 16 and 18 occasions as medium frequent visitors (MFVs), and those visiting on fewer than 8 occasions as low frequency visitors (LFVs). In the case of domestic non-VIP players, customers who visit more than 12 times a year are considered HFVs; those who visit between 8 and 10 times are MFVs, and those below 4 times within a year are LFVs. The scales that are applied in the case of international players differ greatly from their domestic counterparts. In the case of international VIP players, those who visit more than 6 times yearly are classified as HFVs, those who visit between 4 and 5 times are MFVs, and those who visit on fewer than 2 occasions are LFVs. For non-VIP customers, anyone who visits more than 4 times is considered to be a HFV, those who visit between 2 to 3 times are MFVs, and those who visit on less than 1 occasion are LFVs. The study adopted these categories and recoded them into a five – point Likert-type scale for each group (1 = least frequent, representing LFVs, 3 = most frequent, representing HFVs).

**2.3 Data collection**

The survey was undertaken during non-playing periods in designated guest rooms within the casino where players recuperate and have refreshments. Prior to commencing the survey, the researchers informed prospective respondents about the purpose of the investigation, and expressed a determination to find means of enhancing the provision of customer services. Respondents were asked to provide consent for their participation and were assured of anonymity. As a means of providing encouragement, the researchers offered respondents complimentary tickets to the magic show that was then being staged within the casino complex. In total 304 completed and usable questionnaires were returned to the researchers, amounting to 76% of the 400 surveys that were distributed. Of the total usable sample, 174 (57.9%) were male, and 130 (42.1%) were female. Slightly over half were domestic players. Most customers were over 25 years old, married and in full-time employment. A majority were either self-employed or held quite senior positions (e.g. management or supervisory). Almost 58 per cent of the respondents had a college education and over 55 per cent earned in excess of US$50k per annum. More than half of the respondents were Malaysian residents and most of the others originated in neighbouring countries and territories (Singapore, Thailand, Indonesia, and Hong Kong). Over 95 per cent of the respondents completed the English language version of the survey, though the researchers had translated the questionnaires into Chinese, Thai and Malay as a backup.

**3.0 Results and discussion**

Correlations, mean and standard deviation for the study variables are shown in Table 1. The results, presented in Table 2 show that the four factors of CASERV explained 42 and 34 per cent of the variance in customer attitudinal and behavioural loyalty respectively at p < .0005. A review of the coefficients table indicates that two of the CASERV factors
contributed significantly to both dimensions of customer loyalty—service environment and service delivery. The respective scores were $\beta = .37, t = 4.01, p < .001$ and $\beta = .43, t = 4.94, p < .0005$ for attitudinal loyalty; $\beta = .32, t = 3.92, p < .001$ and $\beta = .41, t = 4.62, p < .0005$ for behavioural loyalty. When splitting the sample into two groups, namely international and domestic players, CASERV explained significant variance in attitudinal loyalty in both cases ($R^2 = .38; .32$ respectively, $p < .0005$); however, the portion of variance in behavioural loyalty was insignificant in the case of domestic players.

Table 1
Correlation coefficients, means and standard deviations of the CASERV scale and customer behavioural intentions

<table>
<thead>
<tr>
<th></th>
<th>Coefficients</th>
<th>Mean s</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Game service</td>
<td>.75</td>
<td>3.41</td>
<td>.6</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Service environment</td>
<td>.74</td>
<td>3.67</td>
<td>.6</td>
<td>.32*</td>
<td>.7</td>
<td>.44*</td>
<td>.44*</td>
</tr>
<tr>
<td>3. Service delivery</td>
<td>.89</td>
<td>3.29</td>
<td>.7</td>
<td>.45*</td>
<td>.44*</td>
<td>.44*</td>
<td>.44*</td>
</tr>
<tr>
<td>4. Food service</td>
<td>.72</td>
<td>3.21</td>
<td>.6</td>
<td>.40*</td>
<td>.40*</td>
<td>.40*</td>
<td>.40*</td>
</tr>
<tr>
<td>5.attitudinal loyalty</td>
<td>.81</td>
<td>3.38</td>
<td>.7</td>
<td>.36*</td>
<td>.50*</td>
<td>.50*</td>
<td>.50*</td>
</tr>
</tbody>
</table>

Note: * $p < .01$, **$p < .001$.

Table 2
Multiple Regression Analyses of CASERV dimensions as predictors of retention

<table>
<thead>
<tr>
<th>Predictor</th>
<th>Coefficients</th>
<th>AL</th>
<th>BL</th>
<th>AL</th>
<th>BL</th>
<th>AL</th>
<th>BL</th>
</tr>
</thead>
<tbody>
<tr>
<td>GS</td>
<td>.11</td>
<td>.09</td>
<td>.06</td>
<td>.08</td>
<td>.13</td>
<td>.07</td>
<td></td>
</tr>
<tr>
<td>SE</td>
<td>.37**</td>
<td>.32**</td>
<td>.26*</td>
<td>.29*</td>
<td>.24*</td>
<td>.16</td>
<td></td>
</tr>
<tr>
<td>FS</td>
<td>.14</td>
<td>.09</td>
<td>.11</td>
<td>.11</td>
<td>.14</td>
<td>.13</td>
<td></td>
</tr>
<tr>
<td>SD</td>
<td>.43***</td>
<td>.41***</td>
<td>.37**</td>
<td>.46***</td>
<td>.19*</td>
<td>.16</td>
<td></td>
</tr>
</tbody>
</table>

$R^2 = .42$  $R^2 = .34$  $R^2 = .38$  $R^2 = .32$  $R^2 = .33$  $R^2 = .16$
Note: AL = attitudinal loyalty, BL = behavioural loyalty, IP = international players, DP = domestic players, GS = game service, SE = service environment, FS = food service, SD = service delivery. *p < .05, **p < .001; ***p < .0005

To understand how customers perceive casino service quality and how their perceptions affect loyalty, the researchers undertook one-way between-group analyses of variance (ANOVA) by separating the respondents into three groups: LFVs, MFVs and HFVs. The results indicate that there were statistically significant differences in the overall service quality scores across the three groups at $p < .05$ level. Post-hoc comparisons using the Turkey HSD test indicated that the mean score for LFVs ($M = 42.57, SD = 5.58$) differed significantly from what was reported for the MFVs ($M = 48.12, SD = 5.23$) and HFVs ($M = 48.38, SD = 5.98$). When analysing customer perceptions of each of the CASERV dimensions, significant differences were only evident for customers from different groups on the basis of mean scores in the case of Service Delivery: and the effective size was .09. The Turkey HSD analysis demonstrates a large gap between the mean scores for the LFVs and the HFVs and MFVs. When the same analysis was used to compare the mean scores for each group on the basis of attitudinal loyalty, substantial inter-group differentials were evident. As is summarised in Table 3, the MFVs and LFVs generally reported higher scores than the HFVs, indicative of positive attitudes towards the casino.

**Table 3**

ANOVA for the relationship between customer segments, retention and perceptions of service quality

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>df</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASERV</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LFVs</td>
<td>42.57</td>
<td>5.58</td>
<td>(4, 292)</td>
<td>4.17</td>
<td>.02</td>
<td></td>
</tr>
<tr>
<td>MFVs</td>
<td>48.12</td>
<td>5.23</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HFVs</td>
<td>48.38</td>
<td>5.98</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Game service</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LFVs</td>
<td>11.78</td>
<td>1.67</td>
<td>(4, 292)</td>
<td>1.48</td>
<td>.10</td>
<td></td>
</tr>
<tr>
<td>MFVs</td>
<td>12.89</td>
<td>1.76</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HFVs</td>
<td>13.01</td>
<td>1.82</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Service environment</strong></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>LFVs</td>
<td>11.01</td>
<td>1.89</td>
<td>(4, 292)</td>
<td>1.79</td>
<td>.06</td>
<td></td>
</tr>
<tr>
<td>MFVs</td>
<td>12.23</td>
<td>1.97</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HFVs</td>
<td>13.76</td>
<td>2.13</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Food service</strong></td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>LFVs</td>
<td>11.79</td>
<td>1.98</td>
<td>(4, 292)</td>
<td>1.71</td>
<td>.07</td>
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<tr>
<td>MFVs</td>
<td>12.91</td>
<td>1.85</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HFVs</td>
<td>13.01</td>
<td>2.03</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Service delivery</strong></td>
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<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>LFVs</td>
<td>8.79</td>
<td>1.71</td>
<td>(4, 292)</td>
<td>4.26</td>
<td>.001</td>
<td></td>
</tr>
<tr>
<td>MFVs</td>
<td>13.72</td>
<td>1.98</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HFVs</td>
<td>12.51</td>
<td>2.11</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Attitudinal loyalty</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LFVs</td>
<td>17.21</td>
<td>1.56</td>
<td>(4, 292)</td>
<td>4.95</td>
<td>.001</td>
<td></td>
</tr>
</tbody>
</table>
4.0 Conclusions

Service quality is a key determinant of casino sustainability and competitive advantage. In addressing this claim the present paper has provided insights into the relationship between service quality and customer loyalty which was operationalized into attitudinal and behavioural dimensions. The researchers surveyed gaming-focused customers from segments that are classified on the basis of visiting frequency. The findings have particular implications for casinos within Asia that are seeking to gain competitive advantage and maintain their profitability in an increasingly competitive market environment. The study has proposed guidelines for the enhancement of casino service provision and has identified where such improvements are most needed.

The results indicate that CASERV has shown that service quality explains significant variance in customer loyalty. In particular, Service environment and service delivery make substantial contributions to both attitudinal and behavioural loyalty. The former is an indicator of the casino facilities and atmosphere, whereas the latter concerns the interactions between casino customers and service representatives, especially in the case of casino hosts. The results reflect the importance of casino frontline employees for managing customer relationships and for determining service quality. The finding that service quality explained significant variance in the attitudinal loyalty of domestic players, but not their behavioural loyalty has important implications for casino managers. It provides a cautionary note to casinos that service quality is important in attracting player patronage and behavioural intentions. Actual patronage (or behavioural loyalty) is affected when service quality is perceived favourably. On the other hand, although frequency of visit is indicative of the loyalty of casino customers, the practice should not imply prejudice or discrimination towards LFVs. Such an implication risks influencing customer perceptions of service quality. Defined as overall judgements about an entity’s overall service excellence, service quality may also be viewed as a comparison of services that customers expect from the provider with their perceptions of service performance. Although their expectations may be optimised, it is unsurprising and logical that players in different groups expect differential levels of service. Casinos would be well advised to manage player expectations and make appropriate adjustments based on their level of loyalty.

References

Value Co-Creation in Healthcare: A New Zealand Midwifery Perspective

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Abstract
This exploratory work proposes that the New Zealand Midwifery Partnership Model (MPM) provides a context for customer value co-creation as premised within the framework of Service-Dominant Logic (S-D logic). The main objective of this research is to determine and then classify the nature of activities clients engage in that might be considered customer value co-creation oriented. In order to do this a subjective personal introspection (SPI) approach is used. Reflections made are synthesised into a typology around co-creation themes. Our study contributes to the field of customer value co-creation in health by addressing calls for more work in the area. In particular, by focusing on a healthcare model premised on ‘partnership’, insights are gained into partnership as a legitimate form of client engagement and value co-creation.

Keywords: customer value co-creation, service-dominant (SD) logic, health care, Midwifery Partnership Model.

Track: Services Marketing

1.0 Introduction
Customer value co-creation and service-dominant logic (S-D logic) are now key themes for theoretical debate and activity within the marketing academy (McColl-Kennedy, Vargo, Dagger et al, 2012; Vargo & Lusch 2004, 2008). Initial work by Vargo and Lush (2004, 2008) was seminal in transforming marketing’s understanding of how value is created. Value cannot be found in an object or product (including a service) per se, but is the phenomenological experience of the customer’s interactive and relativistic consumption of it (Ng & Smith, 2012). S-D logic is premised on the basis that marketing exchanges are service dominant, meaning that all providers are service providers and as such service is the fundamental basis of exchange (Edvardsson, Tronvoll, & Gruber, 2011; Vargo & Lusch, 2004, 2008). Within the S-D logic is the notion that customers are active rather than passive in their service experience (Baron & Harris, 2008; Vargo & Lusch, 2008) and thus create value (‘value co-creation’) through their work and activities, contributing to the overall success of the firm or brand (Edvardsson, Tronvoll, & Gruber, 2011; McColl-Kennedy et al, 2012; Vargo & Lusch, 2004, 2008). Our work follows McColl-Kennedy et al’s (2012) definition that customer value co-creation is ‘benefit realised from integration of resources through activities and integrations with collaborators in the customer’s service network’ (McColl-Kennedy et al, 2012, p.375); including family, peers, other service providers and through self-activities using personal sources (Arnould, Price & Malshe, 2006; Ng & Smith, 2012; McColl-Kennedy et al, 2012). More recently customer value co-creation discourse has expanded to the area of healthcare with some valuable contributions already made in the field (see Gill, White & Cameron, 2011; Merz, Czerwinski & Merz, 2013; McColl-Kenedy et al, 2012; Zainuddin, Russell-Bennett & Previte, 2012). The contribution of McColl-Kennedy et al., (2012) is valuable in providing a typology of customer co-creation ‘practice styles’ within an outpatient cancer service. One practice style identified is ‘partnership’, which informs the basis of our study.

The context for our exploratory paper is the New Zealand midwifery service. The overarching midwifery theoretical framework is the ‘Midwifery Partnership Model’ (MPM)
developed by Guilliland and Pairman (1994) which frames the midwifery-customer relationship as a ‘partnership’ through the course of pregnancy, birth and the early weeks of the post-natal period (New Zealand College of Midwives, NZCOM, 2008). Through partnership the customer is acknowledged as an active contributor whose goals and wishes, inherent and acquired knowledge and cultural traditions are a key contribution toward the desired outcome: a healthy woman and baby. This framework advocates that customers are recognised as key to successful outcomes through customer activities that may be both midwife-led and self-generated value co-creation activities. Midwifery customers co-produce and collaborate by working with their midwife, and through a process of integrating resources through the activities they engage in, create value for themselves and the ‘firm’ (here the midwifery service). With midwifery advocating partnership with women, this potentially places a higher demand on women to be active information seekers, decision makers and participants (Freeman et al., 2004). Implicit in this is the ability of the customer to access resources, be supported by her wider external networks and committed to work toward establishing a relationship built on mutual respect and trust. With the MPM overtly predicated on ‘partnership’ and ‘equality’ between the midwife and her customer the model might be regarded as progressive when compared to other more mainstream models of healthcare. Therefore, we propose that the MPM provides a context, or service system, for customer value co-creation consistent with the principle of customer value co-creation as featured within the premises of Service-Dominant Logic (S-D logic) (Vargo & Lusch, 2004, 2008). The main objective of this research is to examine the phenomenon of ‘customer value co-creation’ within the MPM by determining the nature of activities customers engage in that might be considered customer value co-creation oriented and how they might link together. Two main research questions are explored:

RQ1: What are the activities observed that can be regarded as customer value co-creation activities?
RQ2: How do these activities group together to form themes around which a useful typology of customer value co-creation within the midwife-customer relationship can be made?

Our paper takes the following course. First it discusses the research method applied. Next, reflections on the nature of customer value co-creation activities and the extent to which they group are formed. Implications for theory and practice for healthcare marketers, health practitioners and service designers are then presented. We conclude with suggestions for future research and acknowledgments of limitations to this research. This work fills an important gap in the current literature by extending academic discussion on customer value co-creation in healthcare and thus addressing a call for more research in customer value co-creation in health (McColl-Kennedy et al., 2012).

2.0 Research Method

For this study we use subjective personal introspection (SPI) as an approach to gathering information that will address the research questions. SPI is a form of auto-ethnography originally introduced into the consumer research field by Holbrook (1986, 1995). Since then it has been used widely in consumer behaviour research (eg. Gould, 1991, 1995; Shankar 2000; Rod, 2011). SPI draws its material from impressions and narrative accounts of a writer’s own personal and private experience (Holbrook, 2005). Justification for this method is claimed by SPI being a form of ‘participant observation’ or ‘observant participation’ in one’s own life’ (Holbrook, 2005, p. 45). Scholars, by virtue of their construction, can be considered reliable and relevant instruments of observation (Holbrook, 2005). However memory can sometimes be prone to lapses that result in inaccuracies, so further rigor is gained from insights that are supported by other inputs such as historical materials, memoirs and
additional archival artefacts. As this methodology is subjective, personal and introspective, it does not discuss findings per se, but rather reflections and insights (Rod 2011). We use SPI here as the method to gather information that will inform the identification of activities and dimensions that occur within the midwife-customer dyad and other extended customer networks. Holbrook (2005) situates SPI as participant observation of one’s own consumption experiences. Here we reflect on our own thoughts and memoirs to identify value creating activities. However, it is they (the personal) that then allow us to generate impressions vis-a-vis on what midwifery customers bring to the table as actors in the creation of value through a partnership within the MPM predicated on ‘sharing’ and ‘responsiveness’. In this regard we believe the use of SPI here as a data collection approach is validated. The data is drawn from the experience of both authors, who in addition to being academics (marketing and midwifery) are also registered New Zealand midwives. For increased accuracy, as well as to enrich and substantiate reflections, one of the authors’ personal memoirs and writing for the New Zealand College of Midwives (NZCOM) Standards of Practice document are also referred to.

3.0 Reflections

The first stage of the reflective process was to produce an exhaustive list of the activities midwives and customers engage in to co-create value and achieve the desired outcome of a healthy woman and baby. The activities identified were further synthesised and then categorised according to having similar characteristics and dimensionality, despite the period of the childbearing experience at which they were engaged in. In the first instance, an organising format was used that presented reflections divided into pregnancy, birth and then the early post-natal period, and were dealt with in a consecutive fashion. As it became clear that many activities occurred simultaneously and across temporal boundaries regardless of the stage of the pregnancy and birth, the structure was loosened, meaning that an activity grouping was primarily defined by activity theme as opposed to pregnancy stage. Fifteen dimensions of co-creation activities were identified for which a table was drawn up. For each dimension, sub-activities that exemplified the description of the dimension were allocated to the headings of: midwife-generated, customer-generated and mutually-generated value co-creation spheres. Moeller, Ciuchita, Mahr et al., (2013) use the terms value creation in the customer sphere as ‘independent value creation’ and value creation in the joint sphere as ‘joint value creation’. They state that ‘although conceptually different, these spheres overlap and complement each other’ (p.473). Likewise although we use the headings of ‘midwife engages in’, ‘customer engages in’ and ‘shared activities partnership engages in’ to organise our thoughts, there is overlap at the boundaries showing that customers will perform roles to ‘derive benefits by leveraging their own and through service provider’s resources’ (Moeller et al., 2013, p. 473). The 15 value co-creation dimensions were further clustered into four value co-creation foci: 1). ensuring wellbeing of self and baby, 2). negotiating the journey, 3). experiential learning and growth and 4). contributing to the development of the midwifery brand. The ‘ensuring wellbeing of self and baby’ focus is made up of activities that nurture and protect the customer’s health, whilst providing an intra-uterine environment that maximises fetal growth and development. ‘Negotiating the journey’ creates value from the perspective of the customer being able to navigate through a complex healthcare system in order to achieve the end goals of a healthy woman and baby as well as ‘normal birth’. In order for ‘experiential learning and growth’ to occur activities such as learning, accessing information, gaining confidence and reflecting on the experience create value for the customer. ‘Contributing to the development of the midwifery brand’, the final focus of customer value co-creation involves those activities that recognise the midwifery relationship has been a partnership that can be regarded also as ‘professional friendship’. Implicit in a well-
functioning partnership or friendship is the notion that what is offered and mutually enjoyed in some way be paid back ‘in kind’.

The brevity of this paper does not allow for inclusion of a comprehensive table of the value co-creation activities and the respective typology derived. However, for three of the fifteen dimensions identified, one activity example for an activity for each of the creator spheres is given in order to demonstrate how reflections were recorded that ultimately led to the final typology (see table 1).

Table 1:

<table>
<thead>
<tr>
<th>Co-creation dimension</th>
<th>Activities midwife engages in</th>
<th>Activities customer engages in</th>
<th>Shared activities ‘partnership’ engages in</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal setting and planning.</td>
<td>Exploration of goals, reviewing social, psychological, physical, emotional, spiritual and cultural needs.</td>
<td>Raising personal goals and suggesting how these can be incorporated into the plan for care.</td>
<td>Mutual exploration of goals and a ‘roadmap’ for these, establishing and commencing agreed upon care plan.</td>
</tr>
<tr>
<td>Maintaining health and wellbeing of maternal-fetal unit.</td>
<td>Sharing information on care of self and the developing baby in pregnancy.</td>
<td>Maintaining healthy lifestyle choices.</td>
<td>Sharing information and outcomes of testing and examination to further inform care decisions,</td>
</tr>
<tr>
<td>Reconciliation of birth events and promoting a mutually rewarding experience.</td>
<td>Providing emotional support, debriefing and reviewing goals.</td>
<td>Reflecting on experience, building and drawing upon personal resilience to integrate the experience into her personal life story.</td>
<td>Bringing about mutual closure, referral to other support resources if needed.</td>
</tr>
</tbody>
</table>

4.0 Discussion, recommendations and future research

We believe that the MPM, as a healthcare service delivery model, now almost a quarter of a century old, has been a progressive and forward thinking model for healthcare. Although much of the terminology used in marketing around service dominance and customer value co-creation cannot be found in literature from the midwifery discipline, the nature and intent of the MPM is highly suggestive of a partnership practice style formed to generate customer value co-creation. In regard to the two research questions, midwife-customer activities that support customer value co-creation were identified and classified in a parsimonious typology. This typology gives valuable insights into how best outcomes can be achieved through customer value co-creation.

However, not all customers can or will choose to engage to the same extent in partnership and with the same energy, commitment or confidence as other customers might. There are some segments of the maternity consumer market such as the very young, ‘vulnerable’ customers with few social or material resources and those customers who present as ‘high-risk’ who will not be optimally resourced and will rely heavily on the lead of the midwife. At the present time, the MPM does not cater for different practice styles, other than
seemingly to ‘convert’ the customer to partnership. Some of the issues raised in relation to partnership in the MPM have been critiqued by midwifery authors who have insights into exactly how partnership unfolds when power balances cannot be resolved easily (eg. Leap, 2000; Skinner 1999). These issues should also not be ignored in future work on partnership as a sole practise style in healthcare models.

In conclusion, it has been demonstrated that midwifery customers engage in co-creation activities, both with their midwife and with other resources available to them. Managerial recommendations are that health practitioners be open and alert to customers’ value co-creation desires and present opportunities for them to engage in co-creation where possible. The health provider plays an important role in assisting the customer to identify and link with external networks, particularly in a situation that is new and competencies and ‘practical wisdom’ are minimal. Assisting the customer to value co-create will result in increased quality in the ‘primary agent’ relationship and open the healthcare treatment to potential value that would not otherwise have been recognised or utilized. Health providers also need to recognize the different practice styles of customers and that these are driven, in health, by a complex set of influences and situational characteristics. Responsiveness and flexibility in treatment design will ensure that the needs of customers are better met and the full potential in the customer-health provider relationship realized. From a theoretical perspective there are several opportunities for future work in the area of customer value co-creation in health. In this regard we suggest a research stream that examines this phenomenon in different fields of healthcare, where the opportunities and ability of the customer to value co-create will vary. Some limitations to this study are acknowledged. The customer voice is not heard. The authors recognise and acknowledge that their perceptions and reflections are endowed with personal meaning. However, we believe that this contributes rather than takes away from the validity of this study. The direct generalizability of the study may be limited to other healthcare systems where a partnership is the assumed practice style. However the significant contribution made from our more general insights into customer value co-creation are generalizable widely.

References


‘Convenience’ as a Strategic Proposition to Bank Selection by Selected Asian International Students: A New Zealand Perspective.

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Abstract
Increasing number of students are selecting New Zealand as their destination-of-choice for their tertiary education. Banks in the host country play a number of roles in supporting international students’ success, including facilitation for payment of tuition fees and day-to-day financial transactions. There is little understanding to how tertiary international students from Asia select their banking relationships, and if service propositions by banks are appropriate. Findings show that ‘convenience’ play a significant role in students’ bank selection criteria; preferences for cash purchases and in-branch transactions; and, the establishment of language specialist roles is a low priority. Results have direct implications not only on the service proposition offered by banks, but also on banks’ ability to increase the size of the international student portfolio.

Keywords: bank selection, convenience, international students
Track: Services marketing

1.0 Introduction
Education is New Zealand’s fifth largest export sector, earning NZD$545m in 1999 and growing to NZD$2.3bn by 2007/8 (Infometrics, NRB and Skinnerstrategic, 2008). In 2013 there were a total of 97,272 international students in New Zealand, with 24,375 enrolled at a tertiary level.

There are deliberate strategies at the national and regional levels to attract international students. Education New Zealand, a Crown entity, is tasked with spearheading a coordinated approach to increase the number of international students with strategies developed in the form of ‘roadmaps’ for each of the different sectors. At a regional level, the majority of providers are members of advocacy groups that highlight their regions as being conducive for work, residency and learning.

New Zealand banks recognise the commercial value of international student relationships. With average undergraduate tuition at NZD$90,000 excluding costs of living, acquisition initiatives include the establishment of Asian or migrant banking centres in main student hubs; establishment of language specialist roles in branches; and, development of marketing activities to influence switching behavior. The value to banks also extends beyond the graduation, with a number of graduates choosing to commence work or take up residency in New Zealand (Ward and Masgoret, 2004).

Competition for the international student patronage is not limited to onshore activities. The ANZ bank, Immigration New Zealand and the CITIC bank of China have developed the ‘Funds Transfer Scheme’, amongst other things aimed at providing greater convenience by allowing Chinese students to set up a bank account prior to leaving their home country. At the same time Westpac and BNZ have also developed “Moving to New Zealand” or “Studying in New Zealand” packages, using ‘convenience’ in their marketing propositions.
This paper seeks to explore the influence of ‘convenience’ on bank selection by international tertiary students from the Greater China countries of China, Taiwan and Hong Kong, South Korea and India. Students from these countries make up the top ten origination for New Zealand tertiary providers. Findings will provide insights into students’ perceptions of banks’ propositions, the influence of convenience to bank selection, and allow banking organisations to develop service propositions that are more closely aligned to requirements.

2.0 Literature Review

2.1 Export Education in New Zealand

New Zealand has a reputation as being a destination of choice for international tertiary students. This is due, in part, to strategies developed by successive Labour and National-led governments. Other factors include cost advantages; preference by Asian students to complete an English language qualification, and to obtain an internationally recognised qualification.

The deregulation of the education industry in New Zealand in 1989 led to the passing of the Education Act 1989, which allowed for more flexibility to cater to international educational appetites (McKenzie, 1996). New Zealand’s geographical location as part of Australasia also meant it was well placed to take advantage of the growing Asian economies. The shift towards free market mechanisms is perhaps best described by Abbott (2006, p. 367), who pointed out that the competitive climate between private and Government providers of tertiary education “has been intensified throughout the 1990s”.

2.2 Bank Selection

Bank selection examines the influences behind the establishment of banking relationships, and is developed out of the retail patronage and service marketing literature. Within this domain, there is significant understanding of ‘best practices’ within the financial services organisations (Aish, Ennew and McKechnie, 2003). More recently, the dimension of cultural nuance on commercial relationships has also been explored (Kulczycki, 2006).

Research on marketing activities undertaken by banks have traditionally focused on “consumer demographic and sociopsychological characteristics rather than on the criteria used by customers in making bank selection decisions” (Anderson, Cox and Fulcher, 1976:40). At the same time, a review of literature on bank selection also show that the majority of research appear to skew towards business or corporate relationships (Lam and Burton, 2005), and were undertaken in the western context (Gerrard and Cunningham, 2001). There is a lack of knowledge about bank selection amongst young people (Lewis and Bingham, 1991), and the significance of cultural differences portrayed in consumer behaviour mean little is known about the confirmatory processes undertaken by tertiary international students from Asia.

2.3 Customer Satisfaction and ‘Convenience’

Customer satisfaction is widely regarded as the epitome of achievements that any organisation can hope to attain. Amongst other factors, ‘convenience’ is one of the key attributes (Martinez-Ruiz et al, 2012) of satisfaction.

The earliest notions of ‘convenience’ within the marketing literature focused on the amount of resources required to purchase a tangible product, thus the classification of ‘convenience
goods’ (Copeland, 1923). This was later expanded to include service offerings by focusing on the non-monetary attributes of convenience (Kelley, 1958).

Literature pertaining to the convenience concept have largely focused on three non-monetary attributes including waiting time (Davis and Vollmann, 1990), time scarcity (Jacoby, Szybillo, and Berning, 1976), and effort/satisfaction theory (Mabry, 1970). In more recent times, the introduction of mobile applications on smart devices have re-conceptualised the notion of convenience within the banking sector (Gu, Lee and Suh, 2009).

3.0 Methodology
The first phase of the research was exploratory in nature. International students of selected Asian nationality were invited to participate in one of eight focus groups conducted across four New Zealand cities (Christchurch – 1, Wellington – 2, Palmerston North – 3 and Auckland – 2). Participants in the focus groups at the time of the interviews had to meet the following criteria: (a) be enrolled in an undergraduate or postgraduate programme in a New Zealand university; (b) have been in New Zealand for more than 6 months but no more than 3 years; and, (c) be a national of one of the Greater China countries of China, Taiwan and Hong Kong or South Korea or India.

Open-ended questions developed from a review of the bank selection and convenience literature were presented to the 37 participants during the eight one-hour sessions in Phase 1. Responses were collated and used in the fine-tuning of questions, including vocabulary that were relevant and aligned to the participants’ perceptions. This was done so as to explore the deeper meanings from specific areas of interests.

The revised questions were subsequently tested with 15 participants who were not included in Phase 1. The objectives were to ensure that the questions posed no ambiguity, and it covered all aspects relevant to the research questions. A total of two one-hour sessions were conducted during Phase 2, and the responses were used in the development of an online questionnaire.

International students fulfilling the criteria were invited to complete the online questionnaire during Phase 3. Email invitations with the questionnaire URL were sent to 75 academics, international support staff and student associations of the eight universities, education counsellors and/or second secretaries of the Chinese, Indian and South Korean embassies in Wellington, the Taiwan economic and cultural office, and the Hong Kong economic and trade office. The researcher requested for the emails to be forwarded to prospective students who met the selection criteria. To encourage completion, two iPad minis were offered as prizes to participants who completed the questionnaire and who chose to include their email contacts for the draw.

The questionnaire was available for completion for a total of 72 days. Of the 638 responses received, 582 were accepted. The 56 rejected responses either were incomplete by more than 80% (52) or the participants’ total time in New Zealand at the point of completing the questionnaire was less than 6 months (4). A breakdown of the participant demographic is provided in Table 1.

4.0 Results
Banking relationships were proven to be important to international students who participated in this study. Of these 206 (35.4%) participants had established a New Zealand bank account even prior to leaving their home countries for their studies in New Zealand, with another 144
(24.7%) establishing a bank relationship within two weeks of arrival in New Zealand. All the participants had at least one New Zealand banking relationship, with 407 (69.9%) participants maintaining two or more New Zealand banking relationships.

During the focus group sessions the participants were asked for their views on ‘convenience and banking’. A total of 547 responses were collated, with the top five ‘convenience’ determinants being: (i) number of ATMs; (ii) distance between home and bank branch; (iii) presence of bank branch on campus; (iv) availability of language specialists in branches; and, (v) banks with overseas representation. Each of the five determinants were further analysed and the results are displayed in Table 2.

Responses showed that “presence of bank branch on campus” was the most important of the five determinants, and this was consistent across participants from China, Hong Kong, and India, with participants from Taiwan and South Korea ranking it the second most important determinant.

Secondly, the physical distance between home and a bank branch was an important factor across all of the participant groups. There could be a number of reasons for this. One, there is preference for face-to-face transactions and accessibility to a branch was important; two, the participant groups were unfamiliar with the channel of services that were available to them (i.e. internet banking); and, the transactions that the participant groups needed to make were complex and could only be completed in a branch.

Thirdly, bank staff with Asian language skillset received mixed reviews, with participants from China, Taiwan and South Korea showing a strong preference for them, but is a lesser requirement for participants of other nationalities. This was a surprise outcome as the ability to form banking relationships with bank staff who were proficient in ethnic languages was the single most frequently discussed topic during the focus group sessions. One reason for this could be attributed to the fact that most banks in New Zealand already had a diverse workforce. Another reason for this could be that all international tertiary students had to attain a minimum of 6.0 IELTS as a requirement for university entrance qualification. As such, whilst they would prefer to be relationship managed by a language specialist they were sufficiently conversant to complete transactions over the counter with a native English speaker.

Fourth, “banks with overseas representation” was highly rated by participants from Hong Kong, South Korea and India. Whilst no reasonable explanation could be arrived at for the high scores, the availability of the Funds Transfer Scheme offered by the CITIC bank in China meant there was no need for participants from China to seek offshore New Zealand banks. This does not explain the high scores for Taiwanese participants.

Finally, the “number of ATMs” was ranked second above language specialists. Again no reasonable explanation could be offered apart from the fact that the Asian nationalities are known to have a preference for cash transactions, and could have a reasonable amount of cash that they carry with them following visits to a bank branch. To further validate the results a chi-test was conducted which confirmed the significant differences between the different nationalities to the five factors.

Within the literature on convenience, the three non-monetary attributes of waiting time, time scarcity, and effort/satisfaction have also been examined through examples of banking
scenarios presented to the participants. The questions and percentages of responses, are summarised in Table 3.

Responses provided by the participants on the need for language specialists corresponded with responses provided earlier on a related question. This confirmed that whilst language specialists within branches were useful in influencing bank selection, it was not a priority. The non-monetary attributes of customer satisfaction and waiting time also rated highly, with a combine rate of 79.1% and 89.8% of participants responding ‘somewhat agree’ or ‘very strongly agree’. The high scores verified the influence of convenience in bank selection.

5.0 Conclusion

International students contribute to the social and economic progress of the host country in a variety of ways. Their interactions at the grassroots level add cultural vibrancy to the local communities, and in the classroom they bring different perspectives that help shape world views. At the same time the fees they pay often help to subsidise new initiatives as well as overheads.

Banking organisations recognise the value that international students bring, and many have developed strategies that seek to increase student patronage. Despite transnational education having been identified as a growing trend particularly in Asia, there is limited literature on the appropriateness of banks’ service propositions. Specifically, there are commercial benefits for banks to understand the bank selection criteria by tertiary international students from Asia.

This research examined the influence of ‘convenience’ as a bank selection criteria by tertiary international students from five Asian countries who were enrolled in a New Zealand tertiary institution. A series of focus group sessions identified both vocabulary relevant to the subject matter and areas of investigation, which then led to the development of an online questionnaire. Other influences identified in prior studies have not been included for confirmation in this study, nor have factors associated with cultural nuance that may be relevant.

There are a number of implications arising from this study. Firstly, this research demonstrated the relevance of non-monetary factors of convenience to bank selection. Managerial implications follow responses that showed that participants in this study were generally satisfied with the services offered by their banks. However initiatives such as in-branch language specialists have limited influence on some nationalities, and the preference for cash and in-branch transactions may have limited uptake on emerging initiative, including mobile banking.

Secondly, marketing implications call for consideration of social and cultural nuance at the time of developing acquisition strategies. More importantly, this pertains not just to the different nationalities but also the decision makers and influencers behind the decision to travel overseas for education.

Finally there are also implications for the government and regulators, whose intentions are to support the growth of international students selecting New Zealand as a destination of choice.
### TABLE 1
**PARTICIPANTS’ DEMOGRAPHICS**

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
<th>Undergraduate</th>
<th>Postgraduate</th>
</tr>
</thead>
<tbody>
<tr>
<td>China (CN)</td>
<td>78</td>
<td>118</td>
<td>103</td>
<td>93</td>
</tr>
<tr>
<td>196 (33.6%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taiwan (TW)</td>
<td>49</td>
<td>59</td>
<td>67</td>
<td>41</td>
</tr>
<tr>
<td>108 (18.5%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hong Kong (HK)</td>
<td>58</td>
<td>51</td>
<td>92</td>
<td>17</td>
</tr>
<tr>
<td>109 (18.7%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Korea (SK)</td>
<td>32</td>
<td>45</td>
<td>55</td>
<td>22</td>
</tr>
<tr>
<td>77 (13.2%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>India (IN)</td>
<td>47</td>
<td>45</td>
<td>29</td>
<td>63</td>
</tr>
<tr>
<td>92 (15.8%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### TABLE 2
**BANK SELECTION CRITERIA – DETERMINANTS OF CONVENIENCE**
[On a scale of 1 to 5 with 1 being ‘least important’ and 5 being ‘most important’ – Breakdown of participants who selected 4 or 5 (%)]

<table>
<thead>
<tr>
<th></th>
<th>CN</th>
<th>TW</th>
<th>HK</th>
<th>SK</th>
<th>IN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of ATMs</td>
<td>35.1</td>
<td>16.0</td>
<td>19.1</td>
<td>11.9</td>
<td>17.7</td>
</tr>
<tr>
<td>Distance between home and bank branch</td>
<td>34.5</td>
<td>18.1</td>
<td>19.8</td>
<td>11.3</td>
<td>16.1</td>
</tr>
<tr>
<td>Presence of bank branch on campus</td>
<td>35.3</td>
<td>16.3</td>
<td>19.6</td>
<td>11.1</td>
<td>17.5</td>
</tr>
<tr>
<td>Availability of language specialists in branches</td>
<td>37.7</td>
<td>21.5</td>
<td>14.8</td>
<td>12.4</td>
<td>13.3</td>
</tr>
<tr>
<td>Banks with overseas representation</td>
<td>30.9</td>
<td>18.0</td>
<td>20.1</td>
<td>12.9</td>
<td>18.0</td>
</tr>
</tbody>
</table>

### TABLE 3
**NON-LINEAR ATTRIBUTES OF ‘CONVENIENCE’ (%)**

<table>
<thead>
<tr>
<th></th>
<th>Somewhat</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I am very satisfied with the customer service received from my main bank</td>
<td>68.1</td>
<td></td>
</tr>
<tr>
<td>It is very important for banking officers to be able to speak my mother tongue</td>
<td>70.1</td>
<td></td>
</tr>
<tr>
<td>The waiting time in the queue is acceptable</td>
<td>71.1</td>
<td></td>
</tr>
</tbody>
</table>

**References**


Conceptualising customer engagement, disengagement and wellbeing within local government services: A transformative service approach

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Abstract

Whilst the social services have been largely overlooked within services marketing literature, academics are increasingly recognising the need for ‘traditional’ marketing theories to extend beyond their commercial contexts. This paper offers an initial conceptualisation of how emerging concepts from service marketing, namely customer engagement (CE) and customer disengagement (CD), may be applied within a social service, being local governments. This conceptual paper will discuss the relevance of exploring CE and CD within Australian local governments, which have experienced recent legislative pressure to ensure high levels of engagement among their communities. It will also consider how the horizontal and vertical network types within this unique service environment may affect the operation of CE and CD. In light of increasing interest surrounding transformative service research (TSR), this paper will introduce the notion of consumer wellbeing; and suggest how CE and CD may influence measures of wellbeing among local government service customers.

Key Words: Customer Engagement, Customer Disengagement, Local Government Sector, Horizontal and Vertical Network Types, Transformative Service Research.

Track: Services Marketing

1.0 Introduction

Transformative service research (TSR) is an emerging area of marketing literature that explores how the interaction between service entities—such as employees, organisations and whole sectors—and customer entities—such as individuals, social networks and neighbourhood and communities—can influence the wellbeing outcomes of both (Anderson et al., 2013). TSR particularly focuses on the ‘transformative potential’ of service entities to enhance the wellbeing of consumers both individually; and as a collective group (Bitner, 2014; Anderson et al., 2013). This potential is arguably stronger within social services, which include non-profit, charitable and government organisations, as they are primarily motivated to monitor and enhance the quality of life and wellbeing of their users (Donovon, 2011; Anderson et al., 2013). The recent focus on TSR has seen traditional marketing literature drawing on the social sector as guides for enhancing individual and collective consumer wellbeing outcomes (Anderson et al., 2013; Rosenbaum et al., 2011). To date however, service marketing has paid little attention to understanding the customer experience within social services, instead focusing largely on the commercial sectors (Anderson et al., 2013). This reluctance to apply ‘commercial’ marketing theories within social and non-profit services may stem from the incongruences between the two contexts, which on the surface, appear too different, or difficult, to reconcile (Gardiner & Brown, 1999). Indeed, social services are complex. They cater to a highly diverse customer base; are subject to intense influences from stakeholder and macro-environmental forces; and measure success through their ability to disseminate information and facilitate positive societal change rather than quantitative measures of profit, market share and customer satisfaction (Anderson et al., 2013; Donovon, 2011). However, the
increased consumerism, privatisation and competitiveness of social services (Holmes, 2011; Laing, 2003), coupled with rising expectations for them to be more responsive and adaptive to consumers’ needs (McLaughlin, Osborne & Chew, 2009), means that social services are increasingly looking to their commercial counterparts for benchmarks relating to areas such as customer satisfaction, relationship management and brand equity (McLaughlin et al., 2009; Donnelly, Wisniewski, Dalrymple & Curry, 1995). As such, it appears that the chasm between social and commercial services marketing literature has started to close (Anderson et al. 2013; Russell-Bennett, Wood & Previte, 2013). This paper aims to further close the divide by exploring how emerging concepts from services marketing literature, namely customer engagement and customer disengagement, may contribute to wellbeing outcomes within a social service context, namely, Australian local governments. Applying marketing concepts such as CE and CD within local governments will provide a more process-based, service oriented perspective on the different triggers and experiences that enhance or detract the value of the residential experience (Osbourne, Radnor and Nasi, 2013). This allows public managers to focus beyond the direct relationships between residents and government organisation to consider how customers become engaged or disengaged within a variety of municipal relationships. It also allows marketing academics and practitioners to observe how commercially-based concepts function within a social service and within a context whereby customers have limited ability to switch providers in the case of dissatisfaction. Understanding how customers become engaged and disengaged in such environments creates meaningful implications for the salient factors needed for engagement within different types of service relationships.

Customer engagement, or CE, is the process by which consumers form positive, interactive and co-creative relationships with service providers (Brodie, Hollebeek, Juric & Illic, 2011). Interestingly, the issue of engagement has developed in parallel across local government (Holmes, 2011) and services marketing literature (Brodie et al., 2011a). However, no attempts have been made to compare the different conceptualisations of engagement across the two streams of research; or to explore the implications such integration may have for the overall study of engagement. Customer disengagement, or CD, is the process whereby consumers withdraw from negative service relationships through disparaging behaviours (Perrin-Martinenq, 2004). Research on disengagement has been less prevalent within services marketing (Evanschitzky, Ramaseshan, Fazlul & Brock, 2012) and local government literature, as both focus on the development and maintenance of engagement as opposed to its deterioration (Bowden, Gabbott & Naumann, 2013).

2.0 Method

This conceptual paper will conduct multidisciplinary literature review to achieve the following: Firstly, a brief overview of the Australian local government service sector, including the recent initiatives towards engagement, will be provided. A discussion of CE and CD within services marketing; and the research themes surrounding their operation within local government services will follow. Lastly, a potential conceptualisation of CE and CD within local government services that considers their implications for wellbeing will be provided, before concluding with implications and directions for future research.

3.0 Literature Review

3.1 Engagement within Australian Local Government
There are 565 local governments, or councils, in Australia that combine with state and federal government to form a three-tiered system of governance. Once responsible for providing only functional services such as transport and waste collection, local councils now provide a range of community services aimed at enhancing the cultural, social and environmental wellbeing of their residents (Donnelly et al., 2005). Consequently, local councils are required to understand their residents on a deeper level by exploring their wants, needs and expectations relating to a variety of community and life domains (Holmes, 2011). Community engagement has emerged as a way for local councils to gain this deeper understanding through building more inclusive and co-creative relationships with their residents. It is important to note that community engagement differs from CE in its focus and objective. Community engagement focuses on the direct relationship between residents and their government and aims to involve, or re-involve, citizens within the process of governance via participative relationships. On the other hand, CE adopts a more overarching view of the service ecosystem that considers both the direct firm-focused relationship, and the indirect customer-to-customer interactions that take place. Importantly, CE advocates the importance of placing co-creation at the core of service touch points and interactions (Brodie et al. 2011). Co-creation is defined as “an active, creative, and social process, based on collaboration between producers (retailers) and customers (users)” (Piller, Vossen & Ihl, 2012, p.5). In the same way that commercial services aim to leverage co-created value to provide customised offerings and gain a competitive advantage (Prahalad & Ramaswamy, 2004), local councils are now likewise trying to harness their residents’ knowledge in order to deliver community services that are highly valued by their communities (Holmes, 2011). Importantly, it is through such co-creation that community engagement may help reverse the feelings of cynicism, distrust and apathy felt by communities who feel detached from the decision making process (Holmes, 2011). Community engagement is thus regarded as a nation-wide priority within Australia, emphasised by recent legislative frameworks including the Integrated Planning and Reporting (IP&R) Framework (2009) [NSW]; and the Local Government Act (2009)[QLD].

However, the way in which engagement manifests at the community level appears detached from the collaborative rhetoric championed by these frameworks, as councils continue to engage with residents through one-way, static consultation as opposed to a more dynamic and deliberative methods of co-creation (Holmes, 2011). Unlike CE which views co-creation as a core service process, many local councils regard co-creation as an ‘add-on’ strategy reserved for specific community issues. This however does not aid in reversing the long-running themes of distrust, cynicism and withdrawal reported among Australian citizens who feel detached from governmental processes (Gollop, 2002); and residents may continue to adopt more passive and distrusting roles for as long as councils “define the issues for consultation, set the questions and manage the process” (Holmes, 2011, p.14).

It appears that the local government sector may benefit from drawing on the conceptualisations of engagement presented within services marketing, that recognise “contemporary consumers' active, rather than passive, roles and behaviors” within service relationships (Hollebeek, 2014, p.150). Importantly, CE advocates the co-creative role customers adopt during the creation and delivery of services offerings (van Doorn et al., 2012) and is thus more aligned with the collaborative nature of community engagement presented within current legislative frameworks (i.e. IP&R). In addition, residents’ negative attitudes and behaviours towards local councils may be better understood through the process of CD, which explores the conditions and triggers involved in a consumer’s decision to withdraw from negative service relationships (Bowden et al., 2013). Before CE and CD can be applied to local governments, it is important to understand how they are conceptualised within mainstream services marketing literature.
3.2 Customer Engagement & Customer Disengagement within Services Marketing Literature

CE is the process by which consumers form positive, interactive and co-creative relationships with their service providers (Brodie et al., 2011). This process occurs within a specific set of context-dependent conditions, which in turn lead to different levels of engagement (Brodie et al., 2011). CE is regarded as a more in-depth way for marketers to understand the nature of customer relationships (Hollebeek & Chen, 2012), as it considers the value that is created both directly through company/brand-focused customer activities and indirectly through C2C interaction such as WOM behavior and participation in brand communities (Gummerus, Liljander, Weman & Pihlström, 2012). CE is thus a complex and multidimensional concept that can manifest cognitively, behaviourally, affectively and socially (van Doorn et al. 2010; Brodie et al. 2011; Vivek et al. 2012) via customers’ experiences both within and outside of direct exchange situations. It has been conceptualised as both a process (Brodie et al. 2011; Vivek et al., 2011); and an end state (Brodie et al. 2011a) resulting from a range of drivers such as satisfaction, commitment, trust, participation and involvement (Brodie et al. 2011a; Hollebeek et al. 2014); and outcomes, such as loyalty and self-brand connections (Hollebeek et al. 2014). Recently, Hollebeek, Glynn & Brodie (2014) were the first to develop and empirically test engagement scales, which consisted of three dimensions relating to the cognitive, affective and behavioral components of consumers’ CE with online activities. Further research is needed to validate this measure across different offline contexts (Hollebeek et al., 2014); and to clarify the concepts within the process of CE across different service settings, including social services.

Service relationships however are not always positive and marketers must be cognisant of customers’ negative expressions of engagement (Hollebeek & Chen, 2014). CD provides marketers with insight into the factors and conditions that cause consumers to withdraw from negative service relationships (Bowden et al., 2013). Unlike CE, the theoretical roots of CD are lacking; and literature specific to CD has been sparse (Dwyer, Shurr & Oh, 1987). Yi and Baumgartner (2004) measure disengagement as having a mental and behavioural component. Whereas mentally disengaged consumers try to forget brand experiences through denial and escape/avoidance techniques, behaviourally disengaged customers take more apathetic stances by totally neglecting the relationship. Evanschitzky et al. (2012) conceptualises disengagement as a 3-step process involving disillusion, disaffection and crossroads, however this has yet to be empirically examined. More general research on relationship ‘fading’ revealed service relationships to have a higher chance of dissolution when brand alternatives are high and customer satisfaction is low; and a higher chance of survival when these conditions are reversed (Pokorska, Farrell, Evanschitzky& Pillai, 2013). However, dissatisfied or disillusioned customers often remain in service relationships due to a lack of alternatives, high switching costs or contractual obligations (Hollebeek & Chen, 2014; Pervan & Martin, 2012); and marketers must understand how CD manifests among these types of relationships. The issue of ‘negatively-valanced CE’ has recently been explored within CE literature (Hollebeek & Chen, 2014) and is thought to include a range of negative brand expression including: customer apathy, brand avoidance and boycotting, complaints, denial, rejection, negative WOM (on and offline) and adverse brand attitudes (Hollebeek & Chen, 2011, 2014; van Doorn, 2011). As it stands, no definitive conceptualisation of CD within service literature exists, and further research is needed to develop and empirically test a model of CD as a process separate to CE.

It is important to understand how CE and CD manifest within a variety of contexts (Brodie et al., 2011), as the nature of a service relationship can affect the way in which customers become engaged or disengaged within it. CE and CD have yet to be applied within a social service; and within a context where consumers have limited access to alternatives and
ability to switch. The operation of CE and CD within local government services may thus differ from that of commercial services whereby consumers have more choice and autonomy. In addition, marketing literature has focused on customers’ positive expressions of engagement whilst largely neglecting the negative aspects (Hollebeek & Chen, 2014); despite earlier research suggesting that customer relationships can oscillate from a positive to a negative state over time and through different service encounters (Johnston, 1995). Importantly, the presence of CE may not negate that of CD and vice versa; and the different aspects of a customer’s relationship may cause them to display both engaged and disengaged behaviours. Lastly, CE and CD have yet to be linked to consumer wellbeing; and further research is needed regarding the implications they may have on measures of wellbeing; especially within service relationships whereby consumers have high barriers to exit and thus limited ability to switch in response to dissatisfaction. The local government service context has many unique factors that lend themselves to understanding CE and CD in light of the above research themes. These will be discussed next.

3.3 Conceptualising CE and CD within Local Government Services

In order to successfully apply marketing concepts to local government settings, the complexities facing this service environment must be considered (Gardiner & Brown, 1999). The following section will offer a potential conceptualisation of how CE and CD may operate and co-exist within local councils; consider the role that network type may have on their operation; and suggest possible of implications of CE and CD on consumer wellbeing outcomes. Firstly, conceptualisations of CE and CD from service marketing may not readily transfer into a local government setting. For example, commitment and loyalty (Brodie et al., 2011) may have little relevance as indicators of engagement within a context whereby consumers are essentially ‘forced’ to remain in a service relationship. In light of this, additional constructs that reflect the customer experience within local councils need to be considered. Based on a multidisciplinary literature review, and preliminary qualitative research within an Australian local council (Bowden & Naumann; 2013), ten potential constructs have been identified. The suggested indicators of CE within a local council service include: reciprocity; mutuality participation; trust and belongingness. The suggested indicators of CD are: consultation; distrust; cynicism; decreased participation; and neglect. These constructs are considered to be more representative of how CE and CD may operate manifest among local councils. Furthermore, the way in which these ten constructs function as part of CE and CD may be influenced by another characteristic unique to local government settings, being the network of relationships that exist within this setting.

Local governments exist within a complex ecosystem of interdependent stakeholders (Oliver, 2013). As such, the customer experience within local governments is multifaceted, and stems beyond their direct transactions with the council to include the networks they form with a number of municipal entities. Two focal networks within local governments are suggested to be the horizontal ‘C2C’ networks residents build with other members of their community; and the vertical ‘B2C’ relationship residents have with their council (Fennema, 2004). The different orientation of these networks may influence the degree to which CE and CD can occur within each of them. Horizontal networks emphasise power equality, and focus on mutual dependence and fellowship among community members (Fennema, 2004). They foster participation and trust among members (Onxy & Bullen, 2000); and may thus allow for co-creation to occur, which is central to the operation of CE (Phralad & Ramaswamy, 2004; Brodie et al., 2011). Vertical networks are power asymmetrical and are centred on unequal dependency and authority (Fennema, 2004). The bureaucratic nature of vertical networks can limit participation among members (Putnam, 1993); in turn limiting the potential for co-creation and subsequently, CE to occur. Preliminary qualitative research by Bowden and Naumann (2013) confirmed this prediction by revealing residents to be both highly engaged.
and disengaged within their horizontal and vertical relationships respectively. Exploring how CE and CD operate within these opposing networks may thus help to understand firstly why and how CE and CD co-exist within a single service relationship; and whether salience of constructs within each process are influenced by the different networks that comprise a resident’s municipal experience.

Finally, exploring how CE and CD ultimately impact consumer wellbeing within local governments may help understand the drivers and consequences of wellbeing within social services (Anderson et al. 2013). Within TSR, wellbeing is defined as “alignment of individual and societal needs as they relate through consumption” (Pancer & Handelman, 2012, p. 186) It is thought to be an aggregate measure of consumers’ satisfaction within emotional, social, economic, physical, spiritual, environmental, and political life domains (Sirgy et al., 2008). A local government context may thus be particularly suited to the exploration of wellbeing, as council services are now orientated towards benefitting communities within number of these life domains (Holmes, 2011). CE and CD have yet to be linked with wellbeing outcomes, however, it is of worthwhile interest to understand if and to what extent the presence of CE enhances; and CD diminishes residents’ evaluations of wellbeing; and how these relationships may be influence by the network in which the operate through. That is, the way in which CE enhances wellbeing may be greater within residents’ horizontal networks compared to their vertical council relationships. Likewise, the detrimental effect of CD on wellbeing may be exacerbated by the nature of their vertical relationships. In addition, it is of worthwhile interest to explore how wellbeing manifests within a service environment where consumer choice and sovereignty are limited (Pancer & Handelman, 2012).

4.0 Implications and Future Research

This paper offers a preliminary ‘blueprint’ for how CE and CD may be conceptualised within a social service, being Australian local governments. Further conceptual, exploratory and empirical research is needed to address the research themes explored above. This will advance theoretical knowledge into how of CE and CD operate within a local government service; how they may co-exist within the same service setting; the extent to which their operation is enhanced or limited by horizontal and vertical network types; and how their operation ultimately impacts on measure of consumer wellbeing. Given the increased interest in engagement within Australian local governments; the insights generated by further research may help managers understand the specific triggers and conditions causing residents to be engaged or disengaged; and the impact that these two opposing processes have on the overall wellbeing and happiness of their communities.

Reference


Examining the contingent effect of market orientation and knowledge specificity on co-design and co-production of B2B professional service firms

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Vida Siahtiri, University of Tasmania
Thomas Lee, University of Tasmania

Abstract
This study examines the extent that a firms’ market-orientation impacts its collaboration with the customer to design and deliver professional services. Our study advances understanding about the conditions under which market-oriented service firms engage in customer collaboration to jointly design and deliver services. In particular, data from business-to-business professional service firms in Iran indicate that the market-oriented service firm’s efforts to develop relational-processes that are required to engage in customer collaboration in the service design and production stages vary based on specific contextual factors. Our results show that high levels knowledge specificity lessens the tendency to collaborate with customers in both design and production stages. Further, market-oriented service firms are more likely to develop relational-processes to collaborate with customers in the design stage, when the level of service innovativeness is high.

Keywords: professional service firms, customer collaboration, market orientation, co-design, co-production
Track: service marketing

1.0 Introduction
One of the most enduring ideas in the marketing literature is that offering superior value to customers depends on the firm’s ability to understand customer needs and market trends. Following the work of Narver and Slater (1990) in the early 1990s, market orientation (MO) has become widely acknowledged as the organisational culture that provides norms for learning from the customer and permeates the whole of the organisation (Hooley, Greenley, Cadogan, & Fahy, 2005; Lam, Kraus, & Ahearne, 2010). When MO is high, all organisational functions are focused on their role and contribution to delivering superior value to customers (Hooley et al., 2005; Narver & Slater, 1990). Although research on the role of MO has greatly advanced since the early work, key limitations warrant further investigation.

First, it has been acknowledged that MO drives firms to identify and develop capabilities such as marketing and innovation capabilities that are necessary for satisfying customer needs (Heirati, O’Cass, & Ngo, 2013; Hooley et al., 2005; Murray, Gao, & Kotabe, 2011). The possession and/or variance in capabilities that suit the firms’ competitive environment may result in competitive advantage (Hooley et al., 2005). Beyond this research stream, advances in service marketing have advocated customer collaboration as a key driver of competitiveness (Hoyer et al., 2010), particularly for service firms whose business is delivering customised solutions (Aarikka-Stenroos & Jaakkola, 2012). Research on customer collaboration shifts the view from “what can firms offer to customers” to “what firms can do with customers” (Bendapudi & Leone, 2003). This shift indicates that service firms are not the sole creator of services, but that customers also play an active role in the design, customisation, and production of services. Following this shift, some argue that service
provision results from a set of relational processes that enable service firms to work with customers to jointly design and produce services. Yet, scant attention is given to the extent that MO drives service firms to develop the relational-processes to collaborate with customers in the service provision.

Second, it is acknowledged that customer collaboration can occur at different stages of service provision and their collaboration in each stage results in different outcomes (Hoyer et al., 2010). However, no study to date has examined what conditions market-oriented service firms focus on collaborating with customers at a specific stage, particularly service design and service production. In particular, further investigation is required to understand the contingent effect of MO on the capacity to develop relational-processes to co-design and co-produce services by considering key characteristics of a service and its competitive environment. Such understanding is important, because it enables manager to identify when and under what condition being market-oriented is most beneficial.

We address these limitations by examining how MO drives the service firm’s capacity to develop relational-processes to co-design and co-produce services. We also examine how the effects of MO on co-design and co-production vary at different level of the service firm’ knowledge specificity and service innovativeness. We examine the effect of MO on co-design and co-production of services in the context of business-to-business (B2B) professional services as high contact, customised, and knowledge intensive services, which are interactively designed and produced by the service firm and the customer (Aarikka-Stenroos & Jaakkola, 2012).

2.0 Theory and Hypotheses

MO provides norms for learning about customer needs and permeates organisational capabilities that go to the delivery of superior value to customers (Hooley et al., 2005). Therefore, MO can be seen as a key driver of organisational capabilities (Hooley et al., 2005; Ngo & O'Cass, 2012). A capability represents a set of interrelated processes firms undertake to perform a specific (Murray et al., 2011). This view indicates that MO per se does not drive competitive advantage, unless appropriate capabilities are developed and deployed to translate the firm’s knowledge about customer needs into offerings that satisfy customers (Murray et al., 2011; Ngo & O’Cass, 2012).

Significant changes in both marketing thought and markets suggest firms must now learn from customers and collaborate with them to create services that deliver superior value (Aarikka-Stenroos & Jaakkola, 2012). Recent service marketing literature views the ability to work with customers as a key enabling service firms to deliver quality service to customers and obtain competitive advantage (Hoyer et al., 2010). In this stream of research, customers are viewed as proactive actors (or co-designer or co-producer of services) rather than as passive receivers of the service, where service firms are facilitators of the co-design and/or co-production processes rather than as producers of services (Aarikka-Stenroos & Jaakkola, 2012). This view indicates that a service firm should possess and deploy a set of processes to build the ability to facilitate co-design and co-production of services. Tuli et al. (2007) argue that this ability resulting from a set of relational processes enables the service firm to work with customers to define customer problems, design services, deploy services, and provide post-deployment support (Aarikka-Stenroos & Jaakkola, 2012). Building on this theoretical foundation; we argue that a service firm needs a specific set of relational processes to work with customers at two key stages - service design and production.
In the service design stage, the service firm undertakes specific relational processes to work with customers to jointly define their need(s) and design services that are customised to their needs. These relational processes form a capability, which is seen as co-design in this study. In the service production stage, the service firm undertakes specific relational processes to work with customers to jointly develop and maintain the co-designed services. These set of relational processes form a capability, which is seen here as co-production. Drawing on research that shows MO provides norms that permeate organisational processes to learn from customers and respond to customer needs (Hooley et al., 2005); we contend that market-oriented firms are more likely to develop relational processes for co-design and co-production. To this end, we contend that market-oriented norms are the foundation of the service firm’s ability to co-design and co-produce services. Thus,

\( H1: \) MO is positively related to (a) co-design and (b) co-production.

Given that service firms may develop relational-processes to co-design and co-produce services, market-oriented service firms’ focus on a specific of relational-processes may vary under specific conditions. We contend that the effect of MO on co-design and co-production vary at different levels of the service firm’s knowledge specificity and service innovativeness. Knowledge specificity represents the degree that a B2B service firm’s knowledge is tailored to the requirements of specific contexts in which it is maximally effective, but loses its value in other contexts (De Luca & Atuahene-Gima, 2007). We focus on the contextual effect of knowledge specificity, because the development of professional services largely rely on the specialised knowledge of expert employees (Aarikka-Stenroos & Jaakkola, 2012). The knowledge of expert employees are considered as personalised and experience-based. Employees’s knowledge is specific to a market domain, because it results from an in-depth analysis of the customers, technologies, and procedures in a narrow market domain. In this sense, the high specified knowledge of a firm is hard to be transferred to another firm (e.g., a business customer) or to be applied to another context, unless all related expert employees will be acquired by the business customer (see examples on Lenovo and IBM in De Luca & Atuahene-Gima, 2007). Due to high cost and challenges involved in acquiring expert employees to solve a business problem, business customers tend to work with service firms that offer professional services that address their specific business problems (Guzak & Rasheed, 2013). While knowledge specificity is a key characteristic of professional services, a high level of specificity lessens the service firm’s capacity to share knowledge and skills required to design and produce a service with business customer. In this sense, customer collaboration might be limited only to the extent that the customer expresses its needs, review the proposed services, and customise a few aspects of the final service. To this end, a market-oriented service firm’s capacity to work with customers to co-design and co-produce services can be lessened when the level of its knowledge specificity is high. Thus,

\( H2: \) Knowledge specificity negatively moderates the relationship between (a) MO and co-design (b) MO and co-production.

We focus on service innovativeness, because business professional services are acknowledged as services with customised and novel features that address a business customer’s unique needs (Aarikka-Stenroos & Jaakkola, 2012). As such, the greater novelty and customisation represent the extent that a service is innovative and the first of its kind in the market. The greater level of service innovativeness, therefore, reflects the service firm and the customer’s efforts to share knowledge, work together, tailor a service, and design innovative features that address the customer’s unique needs (Aarikka-Stenroos & Jaakkola, 2012). In this sense, effective customer collaboration is necessary for service firms to gain
critical knowledge from customers that are not obtainable from any other sources in the market (Edvardsson et al., 2012). Direct and real-time customer inputs (e.g., knowledge) in the design and production stages is the key determinants of the final service quality and customisation (Auh, Bell, McLeod, & Shih, 2007). To his end, we argue that market-oriented service firms need to pursue both co-design and co-production allowing the customer to express its preferences in real time (see also discussions on co-production in Auh et al., 2007). Therefore, the level of service innovativeness can affect the market-oriented service firms’ effort to pursue co-design and co-production to deliver professional services with novel features that are customised for a specific business customer. Thus,

**H3:** Service innovativeness positively moderates the relationship between (a) MO and co-design (b) MO and co-production.

Co-design and co-production enable a service firm to better identify customer needs (Aarikka-Stenroos & Jaakkola, 2012), enhance the novelty and performance of its services (Fang, Palmatier, & Evans, 2008), and achieve a closer fit between a service’s features and customer needs (Hoyer et al., 2010). In particular, the mismatch between a service’s features and customer needs and quality problems that may be difficult to understand for service firms via traditional methods can be relatively easily detected through collaboration with consumers in the design and production stages (Auh et al., 2007; Hoyer et al., 2010). A close fit between the service’s features and customer needs as well as the service’s features performance are identified in the literature as the key determinants of the service outcome quality (Caruana, 2002). To this end, we contend that co-design and co-production drive service outcome quality. Thus,

**H4:** (a) co-design and (b) co-production are positively related to service outcome quality.

### 3.0 Methodology

We used the survey protocol to collect data from service firms in various B2B professional service sectors including firms operating in the industrial engineering consulting, management consulting, marketing and advertising consulting, IT services, and financial services. A drop-and-collect data collection technique was employed, due to its similar response rates to the person-administered approach at a cost equivalent to questionnaire mail-outs. Initially, we contacted service firms from a directory of 1000 PSFs and 635 firms agreed to participate. Of these firms, 173 completed surveys were collected. The average firm size was 98, and the average firm age was 8 years. We measured MO (8 items from Hooley et al., 2005), knowledge specificity (5 items from De Luca & Atuahene-Gima, 2007), and service outcome quality (5 items from Caruana, 2002). We developed new measures for co-design, co-production, and service innovativeness, because there exist no measures for these constructs from the managerial perspective in the context of B2B service solutions. In particular, few studies such as Auh et al. (2007) measure co-production from the consumer perspective in the financial and health-care industries and Fang (2008) measures participation in the development of products from the business customer perspective in the context of manufacturing firms. In developing new measures, we followed a three-stage procedure suggested by O’Cass et al. (2014). First, a large pool of items for the new scales was created from the existing literature (e.g., Aarikka-Stenroos & Jaakkola, 2012; Fang, 2008; O’Cass & Ngo, 2011; Tuli et al., 2007). Second, the items were sent to academic experts who judged their precision and representativeness. Third, a group of 20 managers revised the new items during pre-test to enhance the measures’ clarity. To reduce the potential for social desirability bias, informants were given explicit instruction to reflect the actual situation in their firm. We developed six items for co-design, six items for co-production and five items for service
innovativeness. All items were measured on a seven-point scales “1 = not at all” to “7 = very much so”.

4.0 Results

We employed partial least squares (PLS) to specify the model and estimate the parameters, because it “avoids many of the assumptions and the chances that improper solutions will occur as in covariance-based techniques (e.g., AMOS). Because it tends to underestimate path coefficients compared with AMOS, variance-based structural equation modelling produces a conservative test of the substantive relationships (Garnefeld et al., 2013). Measurement analysis results indicate that all constructs indicators had acceptable bootstrap critical ratios (> 1.96) and loading (> 0.50). All constructs had acceptable composite reliabilities (> 0.70) and average variance extracted (AVE> 0.50) indicating satisfactory convergent validity. As shown in Table 1, discriminant validity of the constructs is satisfactory as the square root of the AVE (the off-diagonal elements in Table 1) were greater than all individual correlations.

We tested our hypotheses using a multiple-step procedure. As shown in Table 2, in step 1, we examined the main effects in Model 1. In step 2, the moderating effects of knowledge specificity and service innovativeness were added to the base model (Model 2). As shown in Table 2, MO is positively related to co-design (CD) (β= 0.23, t= 2.64) and co-production (CP) (β= 0.28, t= 3.55), supporting H1a and H1b. The interaction between MO and knowledge specificity negatively influence CD (β= -0.16, t= 1.93) and CP (β= -0.26, t= 2.28), supporting H2a and H2b. The interaction between MO and service innovativeness positively influence CD (β= 0.23, t= 2.17), supporting H3a. However, the interaction between MO and service innovativeness has insignificant impact on CP, rejecting H3b. Finally, the results show that CD (β= 0.29, t= 2.41) and CP (β= 0.32, t= 2.59) are positively related to service outcome quality, supporting H4a and H4b. The examination of goodness-of-fit (GoF) also indicate good fit for the structural model (O’Cass et al., 2014).

Table 1. Construct-level measurement statistics and correlation matrix

<table>
<thead>
<tr>
<th>Construct</th>
<th>AVE</th>
<th>CR</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-design</td>
<td>0.53</td>
<td>0.86</td>
<td><strong>0.75</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Co-production</td>
<td>0.59</td>
<td>0.87</td>
<td>0.64</td>
<td><strong>0.77</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market orientation</td>
<td>0.52</td>
<td>0.88</td>
<td>0.40</td>
<td>0.42</td>
<td><strong>0.72</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Knowledge specificity</td>
<td>0.62</td>
<td>0.82</td>
<td>-0.32</td>
<td>-0.26</td>
<td>0.01</td>
<td><strong>0.78</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service innovativeness</td>
<td>0.53</td>
<td>0.81</td>
<td>0.45</td>
<td>0.39</td>
<td>0.41</td>
<td>-0.10</td>
<td><strong>0.73</strong></td>
<td></td>
</tr>
<tr>
<td>Service outcome quality</td>
<td>0.66</td>
<td>0.88</td>
<td>0.53</td>
<td>0.55</td>
<td>0.43</td>
<td>-0.14</td>
<td>0.50</td>
<td><strong>0.81</strong></td>
</tr>
</tbody>
</table>

Note: Diagonal entries show the square roots of average variance extracted, others represent correlation coefficients.

Table 2. Structural results

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Co-design</th>
<th>Co-production</th>
<th>Service Outcome Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Model 1</td>
<td>Model 2</td>
<td>Model 1</td>
</tr>
<tr>
<td>Market orientation (MO)</td>
<td>0.23</td>
<td>0.25</td>
<td>0.28</td>
</tr>
<tr>
<td></td>
<td>(2.64)*</td>
<td>(3.02)**</td>
<td>(3.55)**</td>
</tr>
<tr>
<td>Knowledge specificity (KS)</td>
<td>-0.26</td>
<td>-0.17</td>
<td>-0.21</td>
</tr>
<tr>
<td></td>
<td>(3.70)**</td>
<td>(2.39)*</td>
<td>(2.77)**</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Service innovativeness (SI)</th>
<th>0.33</th>
<th>0.24</th>
<th>0.25</th>
<th>0.17</th>
<th>0.29 (2.41)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>(4.85)**</td>
<td>(3.55)**</td>
<td>(3.45)**</td>
<td>(2.09)**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Co-design (COD)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.29 (2.41)*</td>
</tr>
<tr>
<td>Co-production (COP)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.32 (2.59)*</td>
</tr>
<tr>
<td>Interaction effects</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MO × KS</td>
<td>-0.16</td>
<td>-0.26</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(1.93)*</td>
<td>(2.28)**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MO × SI</td>
<td>0.23</td>
<td>0.11 (1.05)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(2.17)*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$R^2$</td>
<td>0.37</td>
<td>0.54</td>
<td>0.32</td>
<td>0.43</td>
<td>0.39</td>
</tr>
<tr>
<td>$GoF_{Base Model}$</td>
<td>0.46</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes: +: $\rho < 0.10$, *: $\rho < 0.05$, **: $\rho < 0.01$.

5.0 Discussion and Implications

Although it is acknowledged that MO provides norms for learning customer needs and permeates organisational capabilities to deliver superior value to customers, little is known about how MO drives service firms ability to collaborate with customers to jointly design and produce B2B professional services. B2B professional services, however, are characterised as high contact and customised services that are interactively designed and produced by the service firm and the customer. Our study advances the understanding of both academic and practitioners about the conditions under which market-oriented service firms drive customer collaboration to jointly design and produce services. Our study offers three key contributions.

First, our study shows that market-oriented firms are likely to develop and deploy relational processes required for co-design and co-production of B2B professional services. Co-design and co-production, in turn, enable market-oriented service firms to deliver services with superior quality to customers. Our study among the firsts that show how market-oriented norms enable service firms to collaborate with customers to design and produce quality services. Although we draw attention to the point that customer collaboration can occur in different stages (e.g., service design and production) and may result different outcomes, the results did not show significant different between the outcomes co-design and co-production with respect to service quality. A possible reason is that B2B professional services are characterised as high contact services in which customer collaboration is important for both service design and production stages.

Second, our study shows that market-oriented firms’ efforts to collaborate with customers in the design and production stages is lessen when their knowledge specificity level is high. The high specificity and specialisation of service firms’ knowledge can limit their capacity to build relational processes to communicate and collaborate with business customers. Our results indicate that market-oriented service firms are not likely to drive customer collaboration, when they employ high specialized and specified knowledge. Our results provide new insight about how knowledge specificity lessens the market-oriented service firm’s efforts to develop relational-processes required to drive co-design and co-production.

Third, our study shows that when market-oriented firms develop novel and innovative services, they are more likely to drive co-design rather than co-production. Our study adds credence to research that suggests customer collaboration is necessary for service firms to gain critical knowledge from customers that are not obtainable from any other sources in the
market to design novel and customised services (e.g., Edvardsson et al., 2012). Our unexpected finding in relation to H3b deserves more attention. We found that service innovativeness insignificantly moderates the relationship between MO and co-production. A possible reason is that service innovativeness reflects the level of newness of the service’s features and function to the market. Such newness also represents the extent that customers are unfamiliar with a service or advanced skills and procedures required collaborate in the production stage. Therefore, high service innovativeness can lessen the firm and the customer capacity to work together to produce an innovative service. In this sense, market-oriented service firms are likely to produce the final service using their express employees rather than through the collaboration with customer. To this end, we show that the service’s characteristics can affect the market-oriented service firm’s focus on pursuing customer collaboration in only a specific service provision stage (design or production).

6.0 Limitations and Future Research

Our study has imitations due to use of the cross-sectional data and as such causal inferences should be undertaken with caution. Further, we focus on the effect of MO on co-design and co-production. Future research can examine the impact of other orientations on co-design and co-production. Our study is also limited due to its focus on the contextual effects of knowledge specificity and service innovativeness. Future research can extend this area of research by examining the effect of other contextual factors such as customer readiness to collaborate in the service design and production. Finally, our study is based on service firms that offer B2B professional services. Future research can extend the generalisability of our study by examining the effect of MO on co-design and co-production in the context of B2C services.

References


Staying, Going or Changing?:
Retention versus Changes in Share of Wallet

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Abstract
Marketers have increasingly recognized the importance of retaining loyal customers, but also of attempting to maximize the loyalty of existing customers by maximizing their Share of Wallet (SOW). But ‘loyalty’ may reflect different behaviours: customers may switch providers completely, or merely decrease their SOW, with very different impacts for the financial provider. Existing models of SOW and customer loyalty have, however, failed to recognize the diversity of possible customer behavior, which may reflect different levels of SOW, tenure, and customer value, and require different marketing strategies to maximise return on marketing investment. In this paper, we report on a study which predicts future business customer behavior as a function of relationship length, number of suppliers, SOW and sales turnover, and discuss the implications for marketing.

Keywords: SOW, loyalty, tenure, turnover, business banking
Track: Services marketing

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Background
Customer retention has become a key priority for marketers, since increasing customer retention is claimed to result in higher profits due to loyal customers’ higher price tolerance, favorable word-of-mouth and higher likelihood of repeat purchase (Reichheld, Markey Jr., & Hopton, 2000; Reichheld & Sasser, 1990). Increasing the loyalty of any one business customer is likely to be particularly important, since business customers spend large amounts of money in purchases of products and services (Rauyruen & Miller, 2007). Yet increased customer loyalty is only valuable if it results in increased revenue for the business – short or long-term. So the consequences and causes of loyalty are both critically important for marketers, in order to identify cost-effective marketing actions.

Customer Loyalty, Share of Wallet and Customer Value
Research has repeatedly demonstrated an association between customer satisfaction and attitudinal and/or behavioral loyalty (Bettman, 1974; Bloemer & Kasper, 1995; Cheng, Han, & Cao, 2011). However customers commonly switch providers, despite being satisfied with their existing service providers (Keaveney, 1995; Mittal & Lassar, 1998). 100% customer loyalty is relatively unusual, with customers frequently demonstrating what has been called ‘polygamous loyalty’ (Cooil, Keiningham, Aksoy, & Hsu, 2007; Uncles, Hammonds, Ehrenberg, & Davis, 1994). Polygamous or shared loyalty is particularly common in industries where products or services can be consumed or used in parallel, with the result that
customers are increasingly sharing their patronage between multiple brands and service providers (Sajtos & Kreis, 2010). The prevalence of shared loyalty and the frequency of customers switching between brands, sometimes despite high customer satisfaction (Keaveney, 1995; Mittal & Lassar, 1998), suggests there are variables other than satisfaction that are relevant in explaining customer loyalty. Some of the limited research into customer satisfaction in the B2B market has also suggested that the drivers of customer loyalty can vary between business and consumer markets, reinforcing the importance of research into business markets (Patterson, Johnson, & Spreng, 1997).

The knowledge that customers often have simultaneous relationships with multiple providers has resulted in research interest in the provider’s ‘share of wallet’ (SOW) with different customers as a measure of customer loyalty (e.g. Jones & Sasser, 1995; Keiningham & Perkins-Munn, 2003; Marinković & Senič, 2012). Focusing on the SOW of customers as well as customer retention has been claimed to result in as much as ten times greater value than focusing on retention alone (Coyles & Gokey, 2005). SOW is an intuitively attractive concept for estimating customer loyalty and value, and in some industries is likely to provide a good proxy for customer value. For example a customer is likely to be able to estimate their percentage of spending at different retail outlets, and the SOW within one category (such as supermarket purchases) is likely to provide a relatively accurate estimate of customer value. In other categories such as banking, however, except for extremes (a customer with SOW of 100%) SOW is likely to be a much less accurate estimate of customer value, because profitability in banking is less easily associated with the volume of customer actions. A customer may perform the majority of their financial transactions with one bank (their ‘main bank’), but be of low value to that bank because they maintain a low account balance, pay their credit card on time and carry no debt. The same customer may see themselves as having low SOW with another bank, but carry ongoing debt with that bank, and thus be a very valuable customer for that bank. Despite these difficulties, in banking studies SOW is often calculated based on a customer estimate (e.g. Baumann, Burton, & Elliott, 2005; Garland, 2004) or as a ‘percentage of total business’ provided by a third party (e.g. Keiningham & Perkins-Munn, 2003). While an estimate from a third party avoids errors due to customer recall, both measures fail to differentiate between low value turnover (e.g. credit card charges paid on time) and high value business (e.g. credit card debt). An alternative approach to estimating SOW or ‘patronage concentration’ is to ask customers only the number of providers they use (Sajtos & Kreis, 2010), though this measure does not reflect the percentage of business with any one provider.

Apart from problems in obtaining a valid measure of SOW in banking, a focus on increasing SOW will be inappropriate under certain circumstances. It will be impossible to increase the share of wallet for customers who have 100% SOW with one bank, and for these customers, a focus on retention, rather than on increasing SOW, will be more efficient. Even for customers with high SOW, an optimal strategy may depend on length of tenure with their bank. Long-term customers are likely to have lower probability of switching, unless there are particular changes to their business arrangements (e.g. the departure of a personal banker, or the need for new financing). Recent customer acquisitions may have a similar high SOW, but may require a more proactive strategy to ensure retention, such as matching competitor offerings, or building barriers to switching – for example by offering personalized banking services. Customers with lower SOW are also likely to respond to different strategies, depending on their tenure with their bank. Long-term customers with low SOW are likely to be at least partly driven by inertia or long-term attachment to one or more other banks, so are a less attractive target for their low SOW provider. In contrast, new customers with low SOW are
likely to be the most attractive target for attempting to increase SOW, because they are unlikely to have the inertia of long-term customers, and (since they have a low SOW with the target bank) have high potential to increase SOW. The potential value of a customer, as indicated by their sales turnover, will also make some customers more attractive targets for retention strategies, which may not be cost-effective with low value customers.

These different possibilities suggest that the study of the effects of SOW should be extended beyond a simple concept of ‘loyalty’ to reflect the different possible outcomes of ‘disloyalty’ to the main bank – that is, switching providers completely or change in spending. Similarly, given the problems in obtaining accurate measures of SOW in banking, alternative measures of SOW (i.e. number of providers used) and measures of customer tenure should be incorporated into predictions of SOW and loyalty (i.e. defection or change in spending). Using a multivariate model (see Figure 1 for the final model), we therefore examine: (a) the extent to which SOW is predicted by Customer Relationship length and Number of suppliers used; and (b) if Switching intention and Change in Spending are each predicted by Relationship length, SOW, and Number of suppliers used. Due to limitations of length, discussion of the justification for each hypothesis, and the expected direction, is not included here. Recognising the business importance of the customer value (as reflected by business size), we also model the effect of Sales turnover – a proxy for the customer’s business size, and thus for total customer value. We are unaware of any theoretical argument linking sales turnover with customer loyalty, so sales turnover was included in exploratory models, assessing its association with 1) number of suppliers 2) SOW and 3) the measures of loyalty (i.e. Switching intention and Increase in spending). (A separate model predicting likelihood of decreasing rather than increasing spending is not discussed here due to limitations of space.)

Method

Data were collected in April and May 2014 through a Cantonese language telephone survey of small-to-medium enterprises (SMEs) in Hong Kong drawn, from the Hong Kong Dun & Bradstreet SME Business Directory 2010/11. All respondents were either the directors or general managers of their companies with the authority to choose the bank or banks used. After excluding eight responses with missing values, a total of 150 usable responses were available for analysis. Measures included Relationship length (5 ordinal categories, ranging from less than 5 years to more than 20 years; Number of suppliers (respondent entered number); SOW (respondent’s estimate from one of six ordinal ranges, ranging from ‘30% or less’ to ‘over 70’; Switching intention and (likelihood of) Increase in spending (both a 7 point ordinal scale, from ‘very unlikely’ to’ very likely’), and Sales turnover (5 ordinal categories, ranging from ‘Less than HK$10 mill (c AUD$1.4 million) to more than HK$40 mill (c AUD$5.5 million). Findings were analyzed using path analysis in AMOS version 22.0 – a suitable technique as it concurrently performs multiple regression analyses and an overall assessment of the model’s fit (Singh & Wilkes, 1996). Measures were screened to assure lack of violation of the normality assumption before analysis.

Results

Initial models with exploratory links between Sales Turnover (ST) and the two measures of loyalty (Switching (S) and Increase in spending (IS)) revealed poor fit and non-significant links between ST, S and IS. Dropping those links resulted in the final model shown in Figure 1, with results in Table 1. The fit indices suggested a good model fit, as indicated by the
goodness-of-fit index (GFI) and AGFI \( \geq 0.8 \), RSMEA value \( \leq 0.08 \) (Fornell & Larcker, 1981), CFI \( \geq 0.9 \) (Jarvis, MacKenzie, & Podsakoff, 2003) and CMIN/DF < 3 (Byrne, 1998).

Four relationships were significant, as shown in Table 1, with path coefficients exceeding the absolute value 0.2 (Chin, 1998). No. of suppliers was negatively associated with SOW (H2) and positively associated with Future spending (H8); those with a larger number of suppliers were more likely to increase spending with their main bank. Relationship length was negatively associated with Switching intention (H3), and Sales Turnover was positively associated with the number of suppliers (H9). Univariate analyses were also assessed, in order to establish if non-significant paths were due to shared correlation between independent variables, or in fact reflected lack of association. The univariate results were consistent with the final model, but revealed two additional significant associations, between Sales Turnover and SOW, and between SOW and Increase in Spending.

Figure 1: Model results

<table>
<thead>
<tr>
<th>No.</th>
<th>Hypothesis</th>
<th>Standardized Path coefficients</th>
<th>p-value</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Relationship length ( \rightarrow ) SOW</td>
<td>0.030</td>
<td>0.627</td>
<td>Rejected</td>
</tr>
<tr>
<td>H2</td>
<td>Number of suppliers ( \rightarrow ) SOW</td>
<td>-0.633</td>
<td>&lt;0.001</td>
<td>Supported**</td>
</tr>
<tr>
<td>H3</td>
<td>Relationship length ( \rightarrow ) Switching intention</td>
<td>-0.211</td>
<td>0.007</td>
<td>Supported**</td>
</tr>
<tr>
<td>H4</td>
<td>SOW ( \rightarrow ) Switching intention</td>
<td>-0.116</td>
<td>0.264</td>
<td>Rejected</td>
</tr>
<tr>
<td>H5</td>
<td>Number of suppliers ( \rightarrow ) Switching intention</td>
<td>0.068</td>
<td>0.513</td>
<td>Rejected</td>
</tr>
<tr>
<td>H6</td>
<td>SOW ( \rightarrow ) Increase in spending</td>
<td>-0.057</td>
<td>0.575</td>
<td>Rejected</td>
</tr>
<tr>
<td>H7</td>
<td>Relationship length ( \rightarrow ) Increase in spending</td>
<td>-0.126</td>
<td>0.105</td>
<td>Rejected</td>
</tr>
<tr>
<td>H8</td>
<td>Number of suppliers ( \rightarrow ) Increase in spending</td>
<td>0.247</td>
<td>0.015</td>
<td>Supported*</td>
</tr>
<tr>
<td>H9</td>
<td>Sales turnover ( \rightarrow ) Number of suppliers</td>
<td>0.292</td>
<td>&lt;0.001</td>
<td>Supported**</td>
</tr>
<tr>
<td>H10</td>
<td>Sales turnover ( \rightarrow ) SOW</td>
<td>-0.056</td>
<td>0.386</td>
<td>Rejected</td>
</tr>
</tbody>
</table>

*Significant at 0.05 level, ** Significant at 0.01 level.

CMIN/DF = 1.091, GFI = 0.988, AGFI = 0.950, CFI = 0.996, RMSEA = 0.025
Discussion and implications

The results extend our understanding of business customer loyalty in financial services, and have implications for research into, and targeting of, bank customers. To the best of our knowledge, the indirect association between Sales turnover and SOW has not been previously examined. Our finding of a positive association between Sales turnover and No. of suppliers (and thus, indirectly with lower SOW) may be explained by larger value businesses having more complex financial needs, and thus using more banks, and spreading SOW between those banks. The finding is also consistent with results from other product categories that customers who are 100% loyal tend to be light buyers (e.g. Ehrenberg, Goodhardt, & Barwise, 1990) – though in contrast with those studies, 100% loyalty was not rare in this market. However the result may also be explained by previous findings that Asian SME owners use multiple banks as a risk reduction strategy (Lam & Burton, 2006), with larger SMEs possibly seeing a greater need to spread their risk by using multiple banks. The result does suggest, however, that it may be more difficult for banks to attain high SOW from larger businesses.

The positive association between No. of suppliers and Increase in Spending, after allowing for SOW, is also new to the literature. The reason for such a result is not obvious; using more banks might be expected to be associated with a decreased likelihood of increasing spending with the main bank, but may instead suggest business’ recognition that they may rationalise the banks they use, and increase their SOW with their main bank. Other results were unsurprising: a negative association between Length of relationship and Switching intention is consistent with customer inertia, and also with longstanding satisfactory relationships. Similarly, a negative association between No. of suppliers and SOW is unsurprising – an increased number of suppliers is likely to result in lower SOW for the main bank.

Some of the most interesting results, however, are in what the study did not find. Though SOW is theoretically associated with higher profits, in contrast with research in retail banking (e.g. Baumann, Elliott, & Hamin, 2011), after allowing for length of tenure and the number of banks used, SOW was not a predictor of either customer loyalty measure. Length of tenure was the only significant predictor of switching attention, suggesting that tenure may serve to maintain an existing business relationship, but not result in increased SOW for that bank. Similarly, Number of suppliers was the only predictor of intended increase in spending – and was positively associated, in contrast with predictions from the literature. The lack of association between SOW and loyalty measures in this study may be because the model incorporated a measure of customer tenure and suppliers used, rather than relying on customers’ estimate of their SOW – a difficult measure for customers to estimate accurately, and which may encourage the customer to report a higher SOW with a bank they are more loyal to.

The superior predictive ability obtained in this study from using the simpler measure of number of suppliers, (or ‘patronage concentration’ (Sajtos & Kreis, 2010)), rather than SOW, means that the simpler measure can be used an alternative to SOW in markets such as banking where customers are likely to have difficulty estimating SOW accurately. Asking customers how many banks they use is simpler than requiring them to estimate their SOW, and based on these results, provides a better prediction of their intended behaviour. Banks may also be able to identify other banks used by customers, because such accounts will often be linked to, or receive transfers from, the customer’s account.
As with any study, there are limitations to the generalisability of the results. Due to the particular problems of estimating SOW in financial services, the findings may differ in other product categories, warranting further research in other markets. In addition, the power of the model could be improved by using a larger sample size (Kline, 1998).

**Conclusion and implications for further research**

Despite substantial interest in SOW as a predictor of customer value and loyalty, these results suggest that alternative measures may provide simpler and better predictors of customer loyalty. A SOW measure will also be inherently limited as a measure of customer value if it ignores total customer value. In this study, higher value customers were found to use more suppliers and have lower SOW, suggesting that banks may need to work harder to attain and retain high SOW by higher value customers. In a market like banking where SOW is difficult to estimate, and where SOW fails to reflect total customer value, researchers may need to move beyond SOW as a key measure of customer value and loyalty, and incorporate the simpler measure of the number of banks used, and a measure of total customer value such as sales turnover, or some other financial indicator of the potential value of the customer.

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Abstract
This paper presents a conceptual framework that suggests individual and organizational core values as the foundation that shapes the organizations’ value configuration. The framework also elaborates upon service delivery phases and the corresponding functions of values that enable a service organization to deliver values to its customers while also contribute to the societal wellbeing. The study contributes significantly to the development of theory on value configuration as well as providing useful guidance to service managers. Particularly, the conceptual framework acknowledges that delivering better value to its customers does not take place in isolation, rather it requires considering value aspects in each phase of the service delivery system.

Keywords: Value congruence, Value-based service delivery system, Organization’s core values, Value for customer, Value for society

Track: Service Marketing

1. Introduction
Despite its rich literature, discussion centered on values seems to be fragmented. Based on a review of existing body of value-based literature, it is viewed that value is as an integrative system that permeates the entire organization’s service delivery process, which functions as an important structure in enabling value-based service delivery. In a value system, instrumental values play significant role in achieving the desired outcome (Ucanok, 2009). “A value system is the sum of enduring standards of perception, attitudes and modes of behavior that serve the existence of a society” (Ucanok, 2009 p. 2). Although the construct value may exert multiple effects simultaneously (Agile and Caldwell, 1999), most of the value based empirical literature portray it as a simple construct by merely considering it either as an antecedent or as a consequence (see Pura, 2005, Yang & Peterson 2004). In this study, it is assumed that task-related (instrumental) values influence the end-values and both are shaped by core values. Core values also drive the goals set for the organization. Moreover, it is proposed that, core values have to be internalized within the organization. In turn, value internalization induces organization value congruence which in response, shapes the task-related values (task values), that guide organizational members in performing their tasks, and that drives the terminal values that organizational members aim to achieve. Taken together, core values determine the goals of the organization, as well as shape the behavior of the organizational members.

The purpose of this paper is to present a conceptual framework that emphasizes on core values at both individual and organizational level to produce better value congruence to achieve better task-related and end-values. This framework also highlights the corresponding functions of values related to the service-delivery process that eventually may assist to deliver value-laden outputs to its customers while also contribute to the societal wellbeing. To fulfill this research objective it is attempted to answer the following questions:
(a) What are the core values that shape/drive value-based service delivery process?
(b) What are the task-related values that are important for value-based service delivery process?
(c) How do core values, task-related values and terminal values are interconnected to deliver a value-based service system?

This article contributes to the value literature primarily in four ways. First, the emergent conceptual framework generates value constructs and proposes their relationships. Second, the conceptual framework acknowledges that delivering better value to its customers does not take place in isolation, rather it requires considering value aspects in each level related to the service system. Third, this paper contributes to the research on value system by highlighting the role and functions of different aspects of values under task-related and end-values to show clearer picture in developing value based service system to the service organizations. In the following sections, core values, value internalization and value congruence are discussed. Next, the contemporary values literature is reviewed. Finally, the conceptual model of values along with the propositions are presented.

2. Core Values

Core values are different from the values in general in the way that they influences people’s attitude and behavior and supersede other values in a value system (Pant and Lachman, 1998). These core values act as the bonding to hold an organization together and remain stable even if it is necessary to respond to the change in world views (Collins and Porras, 1996). According to Baker (2011), core values reflect the emotional but essential aspects which require to be held strongly and widely, are needed to be stable over time and should not vary much across group of people from different demographic, such as ages, levels of education and so on. On the whole, it can be said that, core values are the set of beliefs that directs the behaviors to create favorable practices within the organization for long term sustainability and success.

There are some distinct set of values that an organization also possesses such as ethical code of conducts and organizational culture (Agle and Caldwell, 1999). Organizational values are shared by a large number of people which help to reduce any confusion within the organization (Morrison, 1996). As the focus of the core values are basically long term, rather short term (Collins and Porras, 1994), it highlights the importance of instilling ethical behavior and to prepare workable code of conducts (Morrison, 1996). Ethical code of conduct also recognized as one of the organizational values or culture (Humble et al., 1994) which can be explained partially by individual values (Singhapakdi and Vitell, 1993). In addition, organizations that possess strong cultures tend to show better overall performance (Barney, 1986). This strong culture is often instilled by emphasizing and sharing the core values among the employees and organization (Meglino et al., 1989). Thus, at the organizational level, culture is considered as the organizational values that are shared among all individuals (Agle and Caldwell, 1999).

From the above discussion, the following set of core values that encompass most of the important core values mentioned in past literature is proposed. At the individual level, these include (i) moral ethics, (ii) honesty and fairness, (iii) good behavior/optimism, (iv) sense of responsibility, (v) creativity, (vi) achievement, (vii) good citizenship, (viii) respect and concern for other’s dignity and right (human as well as animal), (ix) concern for the environment and society. On the other hand, at the organizational level, (i) ethical code of conduct and (ii) culture are considered as the core values.
Taken together, it is suggested that, specific work-related core values are needed to be translated into business code of conduct and ethical practice. Moreover, these values are needed to be reflected in the whole organization’s culture. In this study, the following assumption is made. Individual values, are the nucleus of one’s value system, and thus have direct influence on his work and overall live values and attitudes, including the place where he/she chose to work, the kind of work he/she will do, as well as the decisions he/she will make. In this regard, the organization core values are shaped by their owners and the entrepreneur-managers who run it.

3. Value Internalization and Value Congruence

Regardless of the similarities or differences in defining the core individual or organizational values, it is important to have the congruence between individual and organizational values to create a better organizational culture (Asgary and Mitschow, 2002). It is necessary to distinguish value internalization from the concept of shared value. Value sharing has been defined as work values that are shared by the workers while other researcher has defined it as a win-win situation among the parties (Deal and Kennedy, 1982; Porter and Kramer, 2011). To avoid this overwhelming situation, the term value internalization is coined which exclusively refers to aligning the core values in the day-to-day organizational activities and to exercise the core values in the everyday works. Moreover, in a broader term, it includes the value sharing approaches among the employees as well as employers.

Internalizing the core individual values with core organizational values can create value congruence which in turn potentially produces organizational success (Posner et al., 1985). Value congruence is defined as the resemblance between values that are possessed by individuals as well as organizations. A significant body of research has highlighted the importance of congruence of values between employees and organizations (Ostroff and Judge, 2007) which suggests that when there is similarity exist between employees and organization, employee feels more satisfied with their jobs and tries to uphold the employment relationship (Kristof-Brown et al., 2005). As such, value congruence helps employees to become satisfied in their given work roles, encourages to perform extra-role behavior, and reduces organization’s turnover costs (Podsakoff et al. 2000).

Posner et al. (1985) found that value congruence forms supportive relationship among the superior and subordinates, which subsequently reduce role ambiguity, conflicts and tension levels at the office as well as in the home. They further concluded that value congruence affects effort and commitment of managers in the work-place and provide employees “a sense of success and fulfillment, a healthy (less cynical) assessment of the values and ethics of their colleagues, subordinates, and bosses, and a greater regard for organizational objectives and significant organizational constituents” (1985 p. 303). On the other hand, Boxx et al. (1991) found that value congruence influences satisfaction, commitment and cohesion whereas; Uçanok (2009) found its effect on organizational citizenship behavior. In support of this view, vanRiel (1995) stated that “employees who see their own values expressed by the organization will show higher commitment and communication will be more credible to both insiders and outsiders”.

Hence, it can be said that, value congruence do make a difference to organizational success. Once the values are internalized and congruence exists between these two levels (employees as well as organization itself), eventually better values are produced in terms of favorable employee attitude, increased productivity, profit and the like.
4. Relationships among Core Values, Value Congruence and Value Internalization

Agency theory advocates that one of the reasons of avoiding the work responsibility for the employees is valuing own self-interest rather than the organization (Jensen and Meckling, 1976). However, agency theory pays little attention to the intrinsic alternatives that motivate employees’ work attitude and behavior and thus organizations can motivate employees’ work effort by using alternative ways particularly by motivating them intrinsically (Ren, 2010). In a similar note, Expectancy-Value theory which was originated from John Atkinson’s series of work on ‘work motivation’ gives the idea that individuals perform their task on the basis of their perceived value. If they value any task positively they tend to perform it, on the other hand, they avoid the task that they value negatively (Wigfield and Eccles, 1992). Built on Lewin’s (1938) work, Atkinson explained that individual’s achievement motivation and incentive values are the drivers of achievement related behavior. On the basis of these two theories, present study postulates that value internalization can produce better value congruence, in response, which motivates the individuals of an organization intrinsically. Thus, motivated employees work better as they give priority to the organization’s interest.

Instrumental values are the modes of behavior that facilitate the achievement of terminal values, whereas, terminal values are the self-sufficient end states that a person endeavor to obtain (Meglino and Ravlin, 1998). In the management literature, task-related values are often used as the synonymous with instrumental values. The present study also followed the suit. However, to guide the task-related value to attain greater and sustainable values, it is argued that there is a need for core values. Researchers suggested that individual and organizational core values have considerable influence on strategy choice and their implementation (Tichy and Charan, 1995). These core values guide to determine which problems are needed to be addressed, as well which solutions needed to be perceived (Dutton, 1986).

Usually core values represent the foundation for the feeling, behavior and act of individuals and organizations, in normal life style as well as within a work setting. With having the intrinsic meaning and importance to the individuals at work place, core values motivate employee’s behavior to improve the fit between the strategy and action (Pant and Lachman, 1998). Moreover, organizational core values serves as a decision guide to make the right moves for decision making for the managers (Donaldson, 1996). As such, core values help to direct the companies’ conduct for implementing the ethical judgment grounded on what all employees possess in their work place (Williams, 2011). Moreover, these values help to create conducive interpersonal environment and stability within the organization, they help reduce and/or eliminating chaos at work place by positively influencing member’s behavior through forming the base for order (Meglino and Ravlin, 1998).

Indeed, without having the match between individuals’ and organizations’ values and goals conflicts will be aroused. Chatman (1989 p. 339) stated that, work value congruence is “the congruence between the norms and values of organizations and the values of persons”. As Williams (2011) suggested, the essence of core values and their meaning should be reflected into the training programs as well as in all learning efforts. Consequently, it allows bringing the group actions into existence and produces their continuity which helps transforming the individuals into a harmonized and dedicated team (Humble et al., 1994). Moreover, it permits them to reach the ‘ultimate ends’ of the organization. Hence, it is proposed that:

P1: Core-congruent values produce positive attitude and behavior among employees which direct the mode of conduct to achieve the end state outcome.
5. Value-Based Service Delivery (VBSD) System and Its Underlying Values

It is suggested that, organizational values and their congruence influence higher service performance due to the fact that these values provides self-fulfillment, spirit and reward (Chu 2008). Furthermore, service organization’s competitive performance is largely driven by its individual’s performance as individual’s attitude and behavior influence their productivity (Drucker, 1991). Under this logic, in the context of VBSD, it is proposed that employees’ favorable attitudes which are shaped by the organizational core values positively influence service delivery performance (i.e., service quality).

Service delivery process is considered as the way of achieving end state or desired outcome (i.e., customer perceived value). Indeed each stage of any service delivery process performs some activities. However, it is suggested that there are underlying values exist in each stage and activities that is needed to be pinpointed. Furthermore, it is needed to mention that service delivery cannot be separated from its customer as service delivery and service consumption occurs at the same time (Shiffler and Coye, 1987). Therefore, values embedded in service delivery process also focus on customer aspects.

According to Zeithaml (1988), customer perceived value is what values customers get in lieu of what they give (e.g., money, time, energy and so on). It is suggested that, value and service quality are two interrelated but different constructs (Iacobucci et al., 1995) where service quality determines the customer perceived value (Parasuraman and Grewal, 2000). However, this relationship is not so straightforward in the context of services. In more detail, quality of the services that is being delivered help producing the favorable values for the customer during the service encounter, which shapes customer's overall perceived value in turn.

Due to the inseparable, intangible, perishable and heterogeneous nature of services, it is difficult to measure the service quality. However, grounded on the expectancy-performance theory, Parasraman et al. (1988) have developed five widely used dimensions of service quality. These are: reliability, responsiveness, assurance, empathy, and tangibles. Moreover, Bitner et al. (1990) identified three major service delivery components that influence customer’s satisfaction/dissatisfaction. These are; service recovery, spontaneous delight, customization/flexibility and coping.

Proper handling of service quality produces emotional, practical and logical values during the service encounter. Hartman’s (1967) axiological dimensions of value gives the rise of the notion that value-based service delivery includes delivering the extrinsic, intrinsic and systematic values. Later, Barnes and Mattsson (2008) adapted Hartman’s (1967) axiology and developed modified framework classified values as emotional, practical, and logical values. Eventually, these values ultimately help forming the overall perception of customer values, i.e., customer’s overall assessment of net gains (e.g., quality, prestige, comfort, etc.) and their contribution (money, energy, time, effort, etc.) associated with the service that they acquire (acquisition value).

In a nutshell, through the delivery of quality services, service organizations create a conducive environment for customers during service encounter by providing and considering customers’ value in terms of which drives the overall customer perceived values. Hence, the study proposed:

**P2a:** Once employees are morally motivated and abide by the companies’ core values, it enhances employees’ performance and thus quality of services also is increased.
**P2b:** Proper handling of service quality produces better value during service encounter.

**P2c:** The value produces during service encounter, further stimulate better customer perceived value.

### 6. End Values

Recent years, companies are more concerned for finding better ways for creating values that can differentiate their service offerings to enable them to retain customers (Shaw and Ivish, 2002). By taking care of the values in service delivery process, customers feel satisfied (deRuyter et al., 1997), their level of trust increases and become loyal towards that particular service (Parasuraman and Grewal 2000; Yang and Peterson, 2004).

Besides, as today’s organizations are very much aware of the importance of delivering better values, they prioritize the ecological and corporate social responsibility related issues (Enquist et al., 2007). Although, recent corporate leaders and business models are emerging to achieve the business goal as well as the societal welfare, still there is a lack of an overall framework that can guide this effort (Porter and Kramer, 2011). Moreover, they have argued that most of the businesses are focusing on merely the corporate social responsibility which is not addressing the social core issues. However, as Edvardsson and Enquist (2006) has stated, companies that give priority to corporate social responsibilities or triple bottom-line thinking, are very much conscious with avoiding producing and delivering negative values (such as environmental pollution or use of child labor) and its effects (e.g., negative word of mouth) to prevent values to be destroyed. Moreover, these types of companies try to align themselves with positive values such as to maintain ethical standards, emphasizing social welfare or to adopt recycling ways of doing business (Edvardsson and Enquist, 2006).

Along with the customer value it is suggested that value-based service delivery may help achieving the value for society. By using this value-based service delivery model, focusing on core values at the beginning of the process, internalizing the values between individual and organization level, and by provoking value congruence, one organization will be better able to offer greater values to the society and hence will be able to perform societal welfare. Hence, it is proposed that:

**P3a:** The value-based service delivery helps to gain customer satisfaction, trust and loyalty.

**P3b:** The value-based service delivery helps to attain value for the society.

The proposed relationships are all shown in Figure 1.
7. CONCLUSION

Present study’s conceptual framework is built on the premise that core values that drive a person as well as the organization is crucial in determining the values that are being delivered to its end-users. Researchers argued that the effect of value congruence is complex which is not fully captured yet and this complexity call for more research in the field (Ostroff et al. 2007; vanVuuren et al., 2007). Moreover, by addressing and emphasizing the core values, organizations can achieve outstanding employee performance (Williams, 2011). Hence, organizations need to center the attention to inculcate the proper values in every aspect and every phases of the service-delivery process.

References


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Toward a Market Practice Model: A Practice-Based Approach

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Abstract
Contemporary theorising has suggested new conceptualisations of marketing founded in social practice theories. However, markets themselves have not been re-theorised. This paper contributes to the discussion of a general theory of the market, by defining markets in terms of cultural practices and performances, and by exploring how markets evolve in response to disruptive changes in practices. The Market Practices Model describes what parameterises a market, what performances and actors are contained within, what practices shape and sustain, what practices are either stabilising or destabilising, and why and how actors and markets transform. This advances markets from places of exchange and price calculation to spaces where actors integrate resources and relationships to co-create value. This enables new and dynamic perceptions of markets and provides an active framework from which to analyse what happens within markets. Implications for marketing research and management are discussed.

Keywords: Markets, practices, actors.
Track: Services Marketing

1. Introduction

To understand markets is to give the rules and contextual foundation to our understanding of marketing (Kjellberg et al., 2012). Yet there is a divergence of understanding and conceptualisation of markets, and a growing yet inconclusive discussion that markets should be redefined (Storbacka & Nenonen, 2011). While marketing has received much theoretical attention this has not been extended to theorising on markets.

For instance, the American Marketing Association describes marketing as “the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large” (AMA, 2013). The Association does not similarly define markets. While not explicit, this definition of marketing is based on the neoclassical economics in which marketing as a discipline has its roots. The economics model is institutions-based, envisages a buyer-seller dyad where a market is a place of exchange of products between seller and buyer, and where the buyer is a discrete entity separate from the seller’s creation of value.

This contrasts with contemporary social practice theories, customer co-creation, consumer culture theory and services-dominant logic where value creation is moved away from the dyad and institutions to rest closer to the agent. Marketing’s role in exchange becomes one of identifying and developing the core competencies and positioning them as a value proposition that offer potential competitive advantage (Vargo & Lusch, 2008).

This shift in marketing theorising suggests that new ways are needed to describe what a market is and why a market changes. Marketing theorists have called into question the neoclassical view and for the development of an alternative theoretical conception of the market (Andersson, Aspenberg, & Kjellberg, 2008; Kjellberg et al., 2012; Mele, Pels, & 
Storbacka, 2014; Nenonen et al., 2014; Storbacka & Nenonen, 2011). Geiger, Kjellberg, and Spencer (2012) highlighted that markets were no longer a “given” immune to scrutiny and Venkatesh and Penaloza (2006) advocated research and thinking devoted to defining the market, arguing that “without this understanding of the market, no amount of marketing knowledge can sustain our discipline” (Venkatesh & Penaloza, 2006, p137). “What is needed is a general theory of the market. We contend that S D logic is a generalizable mind-set from which a general theory of the market can be developed” (Vargo & Lusch, 2008, p3). While suggesting alternate lenses, however, service-dominant logic (Vargo and Lusch 2004a, 2004b, 2008, 2014) and market-practice theory (Kjellberg & Helgesson, 2007) do not themselves re-theorise markets. Marketers have looked at market performances but not institutional practices and parameterisers that define the market. With contemporary marketing theorising seated in cultural practice theory, it is appropriate to re-theorise markets similarly in cultural practice.

This paper contributes to the discussion of a general theory of the market (Storbacka & Nenonen, 2011), by defining markets in terms of cultural practices and performances, and by exploring how markets evolve in response to disruptive changes in practices. This advances markets from places of exchange and price calculation (Callon & Muniesa, 2005) to spaces where actors integrate resources and relationships to co-create value. This progresses our knowledge because it potentially enables new and dynamic perceptions of markets and provides an active framework from which to analyse what happens within markets.

2. Classical and neo-classical theoretical perspectives of Markets

Until the 1980s marketing was constructed on economics and behavioural sciences (Webster Jr, 1992). In brief, economics purports a rational choice theory that sees a market as a place facilitating the exchange of rights of ownership; more particularly a place where prices are established. The market is comprised of any rational buyers or sellers who influence the price in their own best interest. The market facilitates trade and through pricing allocates resources in society. Economics struggles with a broader description of a market’s parameters or who, or what, may influence it. Economics explains why there is a gain from trade, but fails to deal with factors which determine how much trade there is of whatever goods are traded (Coase, 1988). The influence of social institutions are completely ignored yet in any successful market an intricate system of social rules would normally be needed. Geroski (1998) stated the classic definition of a market as a place of exchange dates back a century to where a market was defined solely on price equalisation. Economics suggested a market boundary definition as an identified a set of producers, products and geographical area which could be monopolised. Baker (2007) suggested a market should be defined from the buyer’s perspective of acceptable products or geographical locations, and that a market is composed of products that have reasonable interchangeability – price, use and qualities considered. Should prices rise, for example, the market boundaries might change as it becomes worthwhile for consumers to look further afield (Baker, 2007). A market was a forum for exchange, where information flows smoothly, property rights are protected, people can be trusted to live up to their promises, effects on third parties are curtailed and competition is fostered although it is does not have to be present (McMillan, 2002). McMillan (2002) stated buyer and seller were separate entities, controlled their own resources and made decisions that reflected their preferences but within the constraints of their resources and marketplace rules. Markets work through institutions, procedures and rules, designed best when transaction costs are kept low (McMillan, 2002).
Granovetter (1985) criticised economics as under-socialised and increasingly separate to the rest of society. Economics sees human behaviour as rational and controlled by self-interest affected minimally by social relations - indeed, social relations are seen by economists as impeding competitive markets. Granovetter (1985) described markets as social structures with actors whose goals may not be strictly economic. Vargo and Lusch (2014) suggested neoclassical economic and marketing thought have generally been built on models where rational humans are involved in extensive calculative decision making and judgement. Humans had calculative abilities but not nearly as extensive or universally employed as the underlying models suggest. Thus, current models of markets assist in describing how the market enacts exchange, but do not sufficiently explain the actions that led to the exchange in a way that reflects or satisfies marketing’s contemporary understandings of social and cultural practices and relationships. Or how these enactments change with time.

3. Cultural Theories of Markets

Cultural practice theories are an alternative way of explaining action. They stand opposed to purpose-oriented subjective-interests of *homo economicus* and consensus and norm-oriented *homo sociologicus* (Reckwitz, 2002). Cultural theory, in which all social practice theories are bound, highlights the significance of shared or collective symbolic structures of knowledge in order to grasp both action and social order. A practice is a *routinized* behaviour including bodily and mental activity, things and their use, background knowledge, motivational knowledge, a way in which things are moved and the world is understood; in essence, a nexus of sayings and doings that are understandable not only to the agent who enacts them but also to observers from the same culture. Practices, rather than the individuals who perform them, or the social structures that surround them, become the unit of analysis (Hargreaves, 2011).

Numerous authors have related cultural practice theory to markets, marketing and transactions. Rosa et al (1999) described the market was an “agreed-on loci of transactions” and “dynamic socio-cognitive phenomena” whereby producers and consumers enact markets through both their behaviours in response to environmental circumstances and their interpretations of the market’s response to those behaviours. Marketing systems are a social mechanism that are complex, adaptive, social networks in which both structure and function are important (Layton, 2007). They derive from a dynamic transvection (Alderson & Martin, 1965) which describes the process whereby a single end product moves through a sequence of exchanges, transactions and transformations from original raw materials, and underlying are codes of conduct, cultural norms, legal rules and the flow of finance. Araujo (2007) described the essential stability of legal entities and frameworks to allow for reliable and predictable encounters. Miller (2002) pointed to practices that ensure actors and objects arrive at the market/transaction *already* infused with meaning. Grönroos (1989; 1994) identified long-term customer relationships where the objectives of the parties were met through mutual exchange and keeping of promises. Vargo and Lusch (2004; 2004; 2008) introduced service-dominant logic where all offerings are defined as specialised competencies and where value is defined by, and co-created with, the consumer. Organisations integrate and transform micro-specialised competences into complex services demanded in the market place. All social and economic actors are resource integrators which implied a market is aggregation of capabilities and competencies. Penaloza and Venkatesh (2006) advocated inclusion of specific meanings and perceptions in markets shaped by their community. Kjellberg and Helgesson (2006, 2007) translated these meanings into: exchange practice – the individual economic exchanges of goods; normalising practices – establishing how a market and its actors should be shaped; and representational practice that depict markets and how they work, what will be offered and how value will be exchanged. These practices, the stickiness that holds things together (Vargo
(Lusch, 2014), have grown over time. We summarise these as Institutional Practices which describe how a market functions and which stabilise the market. Venkatesh and Penaloza (2006) defined a market as a set of institutions and actors located in a physical or virtual space where marketing-related transactions and activities take place, and where the key concepts are a set of institutions or actors, physical or virtual space, discourses, and practices. Legitimation described how a practice becomes socially, culturally, and politically acceptable (Humphreys, 2010).

In summary, the market is based on the social need of the participants of the community in which it sits; a social construct and ongoing entity shaped and determined by aggregations of social practices (Lindeman, 2012) and where the routinized day to day activities of the market actors ensures its continuation (Giddens, 1984; Reckwitz, 2002; Schatzki, 1996; Warde, 2005). These actors and transactions are not singular individuals and events. They are shaped, and in turn contribute to the shaping, of practices, and these practices cover the networks (Gummesson, 2002; McLoughlin & Horan, 2002; Thorelli, 1986) and transvections (Alderson & Martin, 1965) that are themselves interlaced (Layton, 2007).

4. A Practice-based dynamic model of Markets

Cultural practice provides a glass through which we can re-theorise a model of markets – one recognising economic principles, yet shaped by contemporary marketing thought. We theorise a Market Practices Model (figure 1) based on a core market entity of performances held in place by stabilising institutional practices, and whose boundaries are parameterised by practices that are by their nature destabilising. As these parameterising practices change due to phenomena such as cultural or technological revolution then the performances within the market change.

This enables us to describe a market as the aggregation of transvectional practices; a social structure where the exchange of value takes place and where promises are kept. The market is the centre of integration of all resources and relationships – this nexus of actors who enable transvections - and the hub of practices that constrain and enable. The actors, or constituents, are all the buyers, all the sellers, and all the offerings – these collections of core competencies (Vargo and Lusch 2004a, 2004b, 2008, 2014) that are evaluated and priced - and all the facilitators of exchange who may exist in overlapping markets (Vargo & Lusch, 2011). We describe these as performances.

Further, the Market’s functions are defined, operationalised and stabilised by Institutional Practices comprised of exchange structures and practices, normative structures and practices, representational structures and practices and translation of those practices (Kjellberg & Helgesson, 2006, 2007). These practices give shape, meaning and resilience. A Market’s boundaries are firstly parameterised by space, products, needs, demand, competition, and information. We use space rather than geography as it implies an equivocal or dynamic arena which changes with the advent of new information, or new social and community meanings. If, for example, a tyre outlet sources new product from China, then the market space has now changed for all the actors in the market – not just the importer and
exporter of tyres, but customers and also the banking, government, and transport organisations who facilitate the exchange. These tyre buyers, sellers and makers always existed, but with changing information required for calculation (Callon & Muniesa, 2005; Miller, 2002) came destabilisation and changing space. A market is further parameterised by social and community meanings and legal and economic institutions. Social and community expressions of value and meanings are normative but change over time, and legal and economic institutions reflect those revising social and community perceptions (Humphreys, 2010).

A critical re-theorising is that these congregations of practices influence within and between each other. Change initiates amid the parameterising and destabilising practices – a change in information may impact on competition, needs, products, or space, for example. These will impact on the performances, and if sufficient will oblige change to stabilising practices, all of which impact on each other. To illustrate, High Street stores once competed only amid direct neighbours but the internet changed information practices, which influenced space but also demand, and competition. These impacted on the market performances of all the buyers and sellers, all the offerings, and all the networks within the new dynamic market boundaries. Over time these impacted on the stabilising and functional practices – it is now normal to buy via the internet, and High Street stores compete with those direct suppliers wherever in the world they may be. In turn the new practices are reflected across the spectrum of practices.

5. Discussion and Future Research

Markets have been “given” – an assumed entity - rather than the unit of analysis. Social practice theories and new marketing perceptions have suggested alternate lenses but this perspective has not yet been extended to exploring what markets are or how and why they change. The Market Practices Model is presented as an ignition point for desirable debate on markets and what they embrace. Under this cultural practice model, humans are seen as instigators and reproducers of dynamic markets. As an aggregation of transvectional practices, a market is perceived as a social structure replicated by the sayings and doings of a broad, complex, and active, network of actors and performances. As sayings and doings change, markets change. With this model we can identify the parameters of a market and what will happen within it, but also anticipate the impacts of change. There are obvious flows not only to marketing academic fields but also to business marketing strategists. Current strategic heuristics and methodologies may themselves need review.

6. References


Information utility in financial services decision making

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ABSTRACT
An understanding of mature consumers' decision-making (CDM) for financial services is important given difficulties financing a longer retirement, and low financial literacy. However, there is little research on mature consumers' use of information sources. Information search is recognised to be more complex for services, and so the term information utility is introduced to cover search and use of information. In this study, qualitative work identified themes relating to financial information, and information source preferences for financial services. A survey was developed to investigate the themes and usable responses were received from 776 mature consumers across Australia. This paper presents findings on attitudes to, and use of, information sources in CDM for financial services, as well as associations between demographic characteristics and aspects of information utility. Given the paucity of empirical work in this area, the findings are an important starting point for an enhanced understanding of mature consumers’ CDM to facilitate improved marketing communications and decision making-aids.

Keywords: complex services, financial services, consumer decision making, information search, information utility
Track: Service Marketing

BACKGROUND
There is increased government and consumer interest in financial services, in part due to the aging population and associated pressure for independent financial management for a longer retirement. The aging population represents a substantial burden on government spending on healthcare and pension arrangements (Bryant, 2004). Marketers and policy makers need to understand older customers’ approaches to choosing financial service providers and products in order to disseminate relevant information efficiently to facilitate decision making (Pfeiffer, Riedl, & Rothlauf, 2009). This article is based on a large study which explored mature consumers’ decision making in relation to financial services. Of particular focus in this article is the information search stage of the consumer decision making (CDM) process. It is recognised that the acquisition and utilisation of information in high-credence financial services is a neglected area of research in the field of services marketing (Mitra & Reiss, 1999; Murray, 1991) and thus this study contributes towards addressing that gap. In the following sections we discuss the importance of information in CDM for financial services and the lack of prior research in this area, in particular relating to mature consumers.

Information search in complex professional services
Information search is a feature of most CDM models. Information from organisations and interpersonal sources acts as an input to the decision-making process. It is known that consumers experience more uncertainty when purchasing services due to their intangible nature and the difficulty in foreseeing outcomes (Dawes, Mundt, & Sharp, 2009). This uncertainty leads to higher risk, and results in information search being more important (Murray, 1991). An assumption in CDM models is that that information is available and searchable and that consumers can use it to make informed, rational choices. However, the construct of information in a financial services context is more complicated because the
information itself is often seen as unavailable or costly to obtain, and consumers may not always have the skills or knowledge to understand it (McKechnie, 1992). It is known that understanding of financial matters or ‘financial literacy’ is low in the general population (Hendriks, 2010). The importance of financial literacy and its contribution to planning for the retirement of an aging population is supported by the plethora of financial literacy reports around the world, for example, national financial literacy strategies in Australia (ASIC, 2014) and the US (Hendriks, 2010) and the OECDs major exploration of financial literacy (2005). The issue of poor financial literacy supports the importance of understanding information search in CDM for financial services.

Prior research into mature consumers’ information use for CDM for financial services
There is little research on how mature consumers make decisions on the use of financial services. In one of the few studies, Dawes, Mundt and Sharp (2009) examined consumer information search and consideration of financial service brands related to retail banking and domestic insurance. The focus of the research was the consideration set and they found that only a small number of brands were considered, thus information on only a small range of brands was sought out. McColl-Kennedy and Fetter (2001) included life insurance among six services in their study of search behaviour. They found that information search varied depending on the degree to which the service directly involved the consumer as opposed to a service performed on possessions. Mitra Reiss and Capella (1999) focused on types on services (search, experience, and credence) and the propensity to seek information for these categories. Two financial services were included in the study, however, little is reported on them. Nasco and Hale (2009) surveyed 200 mature consumers in the US regarding a new home, medical, or financial service purchase. The study examined information search, importance of different information sources, and satisfaction with the service decision. The older consumers tended to conduct less searching than the younger ones in the sample. It was found that mature consumers consulted very few information sources for all the service decisions, with the least number of sources consulted for medical and financial decisions. The authors concluded that the professional services had more experience- and credence-based attributes (features that are difficult to evaluate). Mature consumers were less likely to make use of referrals from another professional, advertisements, or the yellow pages as information sources for financial services than they were for medical or a new home, and more likely to consult their spouse for financial decisions than for medical or housing related decisions. The previous studies summarised confirm that knowledge of mature consumers’ information search in CDM is sparse, suggesting that exploratory rather than confirmatory research is warranted.

Information utility
The preceding sections should make clear the complexity that faces mature consumers in locating, understanding, and using information in financial CDM. This leads us to use the term Information Utility to capture information search, the information sources located, and the process of understanding and using the information (see also, Milner & Rosenstreich, 2013). While consumers inherently seek information to reduce perceived risk in complex purchases such as financial services (Mitra & Reiss, 1999), as noted in the preceding sections, they may also perceive that the information is not available, or is too costly, or that they are unable to make effective use of the information – hence the relevance of the term ‘utility’.

In the study on which this paper is based, aspects of information use in regard to financial services CDM of mature consumers in Australia were explored and the results contribute
towards a better understanding of information utility in this important context.

**METHOD**

The lack of prior research led to adoption of a grounded theory approach to explore information utility in mature consumers’ CDM for financial services. The project began with a qualitative phase in which financial planners, marketing academics and practitioners, and 25 mature consumers were interviewed. The interviews were broad-ranging, but several themes relating to information utility were uncovered that were important to the interviewees, and the following areas emerged as requiring further investigation:

2.1 Attitudes of mature consumers towards financial information  
2.2 Information sources preferred for financial decisions  
2.3 Information sources considered reliable in terms of accuracy.

A survey was developed from the interviews, and sections were included to address the information utility themes above and to examine the influence of demographic factors on them. The survey was tested on 20 mature consumers, accompanied by cognitive interviews and followed by debriefing interviews. A pilot study with 55 mature consumers further tested the research instrument. Results led to the development of a postal survey for consumers aged between 40 –70 years. A stratified random sampling technique (by state of residence) selected mature consumers from a large service provider for the survey. 776 completed surveys were returned (a response rate of 77.6%). The researchers compared demographic characteristics of those who chose not to participate, those who did not return the survey, and respondents, and no significant differences were found. Missing value analysis was also conducted and missing data was found to be random. Analysis of the respondents found that age, gender, education, number of dependents, income, and occupation were consistent with the Australian population of 40-70 year olds. Descriptive statistics, frequencies, and correlation coefficients were calculated, and in all results reported $0.000<p<0.050$. A one-way analysis of variance was conducted to explore differences between groups. Statistical significance was established in many cases however the difference in mean scores between groups was sometimes small. The effect size was therefore calculated using eta$^2$ from post-hoc comparisons using the Tukey HSD test and only those that indicated a moderate-large effect size are reported in the results.

**RESULTS**

Results relating to each of the three main themes will be covered in turn and the influence of demographic variables will be explored within each of the three areas.

**Attitudes towards financial information**

In the interviews, varied levels of confidence in understanding financial information and motivation to search for information were evident. The survey explored the prevalence of these attitudes. The results for the attitude questions are presented in Table 1. A large proportion of consumers reported relatively low levels of confidence in their knowledge of financial matters, yet at the same time, a majority also reported confidence that they know where to get financial information and that they ‘look for financial information everywhere’ and ‘want as much knowledge as possible’. It is interesting also to note that while many respondents (54.4%) agreed that they knew where to get financial information, only 30% agreed that they knew what information they needed for a financial decision.
TABLE 1 Respondent attitudes towards financial information

<table>
<thead>
<tr>
<th>Attitude statements</th>
<th>% who agreed</th>
<th>Agreement with attitude statement (5-7 on scale)*</th>
<th>Mean*</th>
<th>σ</th>
<th>n</th>
</tr>
</thead>
<tbody>
<tr>
<td>I look for financial information everywhere, I want as much knowledge as possible before I make important decisions</td>
<td>59.6%</td>
<td>4.76</td>
<td>1.78</td>
<td>762</td>
<td></td>
</tr>
<tr>
<td>I know where to get the information I need about financial matters</td>
<td>54.4%</td>
<td>4.53</td>
<td>1.69</td>
<td>763</td>
<td></td>
</tr>
<tr>
<td>I look for financial information everywhere, I have little knowledge about finances and want to know everything I can</td>
<td>40.0%</td>
<td>3.94</td>
<td>1.80</td>
<td>762</td>
<td></td>
</tr>
<tr>
<td>I do not have time to evaluate all the information provided to me</td>
<td>38.5%</td>
<td>3.82</td>
<td>1.79</td>
<td>758</td>
<td></td>
</tr>
<tr>
<td>I know a lot about financial matters</td>
<td>32.6%</td>
<td>3.55</td>
<td>1.74</td>
<td>763</td>
<td></td>
</tr>
<tr>
<td>I only look for information that keeps me up to date with certain products</td>
<td>30.7%</td>
<td>3.59</td>
<td>1.64</td>
<td>763</td>
<td></td>
</tr>
<tr>
<td>I am very knowledgeable about financial matters relative to rest of population</td>
<td>30.3%</td>
<td>3.55</td>
<td>1.73</td>
<td>763</td>
<td></td>
</tr>
<tr>
<td>I only look for information that fills a gap in my knowledge</td>
<td>30.2%</td>
<td>3.55</td>
<td>1.68</td>
<td>761</td>
<td></td>
</tr>
<tr>
<td>I know exactly what information I need to make my decision</td>
<td>30.0%</td>
<td>3.54</td>
<td>1.67</td>
<td>760</td>
<td></td>
</tr>
<tr>
<td>I don't look for financial information at all</td>
<td>14.6%</td>
<td>2.41</td>
<td>1.69</td>
<td>761</td>
<td></td>
</tr>
</tbody>
</table>

* (Likert scale 1 strongly disagree – 7 strongly agree)

The ANOVA found no significant effects for age or number of dependents, but education, occupation and household income had associations with information utility. Agreement with the statement ‘I look for financial information everywhere, I have little knowledge about finances and want to know everything I can’ was more likely from those with lower education levels; those with lower household incomes; and tradespeople as opposed to professional or managerial occupations. The statement ‘I don't look for financial information at all’ showed more agreement from those in the lowest income band.

Information sources actively sought out

In the survey, mature consumers were asked about sources they seek information from for “important financial decisions”, and provided responses on a scale from ‘not actively seek’ (1) to ‘actively seek’ (7). The survey covered eighteen types of information source (such as finance professionals, media, work colleagues, friends and family). The results on the left of Table 2 show that the sources that were most likely to be actively sought for information for financial decisions were accountants, financial planners, ‘friends in a similar situation to you’, ‘friends/family currently using an advisor’, and ‘friends or family working in the financial industry’. Within the results for the different sources, there was a wide gulf between the proportion of respondents indicating they would consult accountants (73.2%), and financial planners (66.7%), compared to less than 50% for all other sources, including fund managers (34.5%), and banks (35.6%).

Table 2 Perceived likelihood of seeking information from specific sources, and trust in
Respondents also reported on the financial services they currently used. The number of respondents who would seek information from accountants, financial planners, and stockbrokers was higher than the numbers who currently use each service. However, for banks, fund managers, and insurance brokers the, proportion of respondents currently using the service was higher than the proportion who would seek out the service for information.

The ANOVA showed several demographic characteristics that had associations with the service providers consulted for an important financial decision: Younger consumers (40-54 years) were more likely to seek information from friends or family than those in the older age ranges. Those with a university education were more likely to actively seek information from magazines, newspapers and the internet than those with less education and those with higher incomes were more likely to seek out these sources than those on the lowest income band. Occupation and age also had an effect on actively seeking information from media, with managers more likely to seek information from magazines and the internet compared to stay at home parents and paraprofessionals; and younger consumers (40-54 years) were more likely to seek information from the radio or internet than older consumers (55-69 years).

### Accuracy of information from sources

A separate section of the survey asked the consumers to report on how much they trusted the sources in terms of their accuracy. Results are presented on the right of Table 2. Results were similar to those for the sources they would ‘actively seek’ but with improved results for
banks (42.6%) and fund managers (46.6%). The high regard for accountants as a source of information as compared to banks or funds managers is noteworthy. A review of the distribution of responses for this section of the survey reveals some interesting results: The proportion of respondents indicating some level of trust (that is, responses of 5-7 on the scale) in the accuracy of information from a bank was 42.6%, which was below the proportion indicating trust in the accuracy of accountants (70.1%), financial planners (64.2%), or funds managers (47.6%), and less respondents trusted banks for accuracy than those who trusted ‘friends in a similar situation’ (47.4%), or ‘friends or family using an adviser’ (50.6%).

In line with results for propensity to actively seek out information, the younger consumers in the sample (40-54 years) were also more likely to trust the sources involving friends/family. Those with more financial dependents were more likely to trust the accuracy of information from ‘friends or family currently using an adviser’. While those with a university education and those in the highest household income band were more likely than those with lower education or income levels to trust work colleagues.

Trust in information from radio, newspapers, television, the internet and radio all showed significant correlations with each other. The ANOVA revealed various demographic effects, including that those with a university education and those with higher household incomes were more likely to actively trust information from magazines, newspapers and the internet than those with lesser education and income levels. Those who tended to actively seek information from one mainstream media source also tended to use other mainstream media for financial information also (0.458< r<0.578), and tended to trust all these media sources of information (0.446< r<0.632). It was however interesting to note that use of the internet, and trust in its accuracy, were not correlated with use of, or trust in, the other media.

**DISCUSSION AND CONCLUSIONS**

This large survey of mature consumers’ attitudes towards information sources in CDM for financial services adds greatly to the body of empirical evidence currently available. The main themes explored were attitudes towards financial information; preferred information sources for important financial decisions; and trust in the accuracy of information from different information sources.

Given the focus on financial literacy discussed earlier, it was not surprising to see that 40% of respondents agreed that they “have little knowledge about finances” but their reported interest in improving their knowledge means that the enhanced information on the characteristics of these respondents (predominantly lower education, lower household incomes; and in trade occupations) and preferred information sources provided by the survey results can be put to good use by financial service providers.

An interesting finding in relation to the seeking of financial advice was that mature consumers in the lower age ranges were more likely to seek and trust information from personal sources than those in the older age ranges. The greater importance given to informal sources by the younger age range is of significance in planning promotional strategy, suggesting a need to stimulate word of mouth and make use of social networks. The study also identified associations between use of and trust in the mainstream media sources, and associations between age, education and media use, with more educated consumers and those and higher incomes more likely to use and trust mainstream media sources. This may be due to their increased confidence in their ability to understand the information. These findings have useful
application to media planning for financial service providers.

Overall, accountants and financial planners were much more likely to be used as a source of advice for an important financial decision. This might provide reassurance to those professions, were it not for the fact that the actual levels of use reported by the same consumers are far lower than their answers on sources of advice would indicate. Based on the discussions in the qualitative stage of the research, the authors believe this mismatch is most likely to indicate that many of the consumers do not feel that they have faced the kind of important financial decision that the question asked them to consider in their responses.

While low levels of knowledge of financial matters were evident in the answers in many of the attitude questions, a large proportion of consumers indicated confidence in their knowledge of where to find financial information. It is possible that the ‘where’ relates to the information sources identified in the survey results as being ‘actively sought’. If so, it may suggest a strong reliance on accountants, financial planners and family and friends to interpret financial information as an alternative to being able to make financial decisions based on a personal understanding of the options. This warrants further research.

The results of the study provide varied insights into information use by mature consumers in relation to financial services. However, further research is needed to explore the associations uncovered and to validate the findings. The current study is only an initial stage in research to more fully explore information utility in the context of financial services.

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Using Best-Worst Scaling Method to Examine Consumers' Value Preferences

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Abstract
Unlike most prior studies, this study reconceptualises the perceived value construct from a multi-dimensional perspective by incorporating the aesthetic and altruistic values from Holbrook’s value typology with Sheth et al.’s theory of consumption values. Moreover, this study used a new method of Best-Worst Scaling to measure the construct of multi-dimensional perceived value to overcome the inherent biases of traditional rating scales. Data was collected using a web-based survey via an online research organization. Hierarchical cluster analysis has been chosen as a main data analysis tool. Results confirmed that consumers can be segmented based on their value preferences. The empirical findings of the study have implications for both academics and practitioners in service-providing firms. Specifically, this study suggests an agenda for industry-specific improvements in restaurant performance and provides additional insights for the advancement of the growing tourism and hospitality industry in Australia.

Keywords: perceived values, services market segments, best-worst scaling.
Track: Services Marketing

1.0 Introduction

The rapid advancement of the services sector has recently led to significant changes in the global economic structure. Consequently, academic researchers and service practitioners are focusing on antecedent constructs such as consumers' perceived value that can better explain consumers’ behavioural intention. Since the 1990s, the concept of perceived value has received significant attention as one of top most important business topics for marketing researchers in both academia and industry (Sánchez-Fernandez & Iniesta-Bonillo, 2007). Currently, customer value creation has become a major weapon in strategic management and a key source of sustainable competitive advantage for an organization (Parasuraman, 1997; Slater, 1997).

Despite a growing consensus on the importance of this research topic, the concept of perceived value is still vague and that there is also little consensus on the operationalization of perceived value. A fragmented view of the perceived value construct creates a vague interpretation of the key dimensions of perceived value, subsequently leading to inappropriate value measurement. The purpose of this study is to conceptualise the perceived value construct from a multi-dimensional perspective by incorporating Holbrook’s (1994, 1999) value typology with Sheth et al.’s (1991) theory of consumption values. Moreover, this study used a new method of Best-Worst Scaling (Louviere et al., 2013) to measure the construct of multi-dimensional perceived value to overcome the inherent biases and shortfalls of traditional rating scales (Lee, Soutar, & Louviere , 2008).

The remainder of the paper is organized as follows: First we provide a theoretical background of different perspectives to conceptualize perceived value. We then discuss the research method used to collect empirical data in Australian restaurant services sector. Next we present cluster analysis results from the empirical study of using BWS to measure
consumption-related perceived values. We conclude the paper by discussing the implications of our study and avenues for future research.

2.0 Theoretical Background

A review of value-related literature reveals two different perspectives in conceptualizing perceived value. One perspective theorizes perceived value as a uni-dimensional concept that is grounded in neoclassical economic theory (Sweeney et al., 1996) and is focused on utilitarian value for the customer. One of the most frequently cited definitions of perceived value is supplied by Zeithaml (1988, p. 14) who defined it as 'the consumer’s overall assessment of the utility of a product based on perceptions of what is received and what is given'. This perspective has dominated the uni-dimensional perspective on the study of value, and most of the prior research in this area has emphasized this economic and cognitive-based consumer utilitarianism to describe perceived value.

Although analysing value from the uni-dimensional perspective has the advantages of simplicity, it overlooks the intangible, emotional and intrinsic perception of consumers' assessment of a product or service. Drawing on this broader understanding, it can be said that incorporating both utilitarian and hedonic components in the conceptualization of perceived value is more meaningful and robust. The multi-dimensional perspective of perceived value is more comprehensive than the uni-dimensional perspective and is grounded in consumer psychology. For example, the customer value hierarchy proposed by Woodruff and Gardial (1996) has provided a detailed framework to managers for rethinking the concept of customer value. They have provided a broader view of customer experiences (higher level) rather than focusing only on product attributes (lower level). Another mentionable contribution in this research stream is 'axiology or value theory' proposed by Hartman (1967, 1973) who conceptualized value in terms of extrinsic value (utilitarian or instrumental aspects of service), intrinsic value (emotional value) and systemic value (rational or logical phenomena of inherent relationships among concepts).

The broadening of the 'value' concept was most notably formalised into the theory of consumption values by Sheth et al. (1991). According to this theory, consumers are motivated by five independent dimensions of value in a specific choice situation, including functional (utilitarian), social, emotional, epistemic and conditional sources of value. The theory of consumption values proposed by Sheth et al. (1991) is one of the most significant contributions to the study of perceived value. It covers a complex multi-dimensional structure for defining this concept and includes both utilitarian and hedonic values; and has strong theoretical and empirical evidence across many disciplines such as economics, sociology, psychology and consumer behaviour.

However, it ignores some sources of value such as ethics and spirituality (Holbrook, 1994, 1999). Drawing on the multi-dimensional and behaviour perspectives of perceived value, Holbrook (1994) conducted another milestone study on perceived value. He conceptualized it as an interactive relativistic preference experience and proposed a 'typology of consumer value' grounded on three dichotomies: (a) extrinsic versus intrinsic, (b) self-oriented versus other-oriented and (c) active versus reactive.

To capture the richness of the perceived value construct, we propose to reconceptualise the perceived value construct from a multi-dimensional perspective by incorporating the aesthetic and altruistic values from Holbrook’s (1994, 1999) value typology
with Sheth et al.’s (1991) theory of consumption values. In addition to Sheth et al.’s (1991) five value dimensions, this study adopts ‘altruistic value’ and ‘aesthetic value’ from Holbrook’s (1999) value typology to measure the ‘get’ component of perceived value in the Australian restaurant environment.

3.0 Research Methodology

This study used a web-based survey by an online research company in Australia to collect 297 completed responses from a self-administered questionnaire. The research company circulated the survey questionnaire to their panel members who regularly dined in restaurants.

The restaurant services sector is an ideal research setting for testing a multi-dimensional value-based model as the restaurant industry appeals to both tangible and intangible features of consumer value. In this domain, hedonic values such as social, emotional or aesthetic values sometimes are more important than utilitarian value in some situational settings. Consequently, this context is a perfect setting to explore all types of inherent and potential economic or psychological consumer value in the consumer behaviour literature. Moreover, goods act as a distribution mechanism for service delivery (Vargo & Lusch, 2004) in a restaurant setting. Besides this, the restaurant sector is the kind of services sector where data from heterogeneous customers can validate the research outcomes.

The seven consumption-related consumer values used in our empirical study were based on the theory of consumption values proposed by Sheth et al. (1991) and Holbrook’s (1994, 1999) consumer value typology. They were adapted to the restaurant services context as follows: First, the functional value dimension of quality is represented by items of “high quality, tasty food, & healthy option”. Second, the functional value dimension of price is represented by items of “reasonable price, economical, & value for money”. Third, the social value dimension is represented by items of “feeling acceptable, good impression, & social approval”. Fourth, the emotional value dimension is represented by items of “happiness, sense of joy, & gives pleasure”. Fifth, the epistemic value dimension is represented by items of “satisfy curiosity, variety of menu, & new experience”. Sixth, the aesthetic value dimension is represented by items of “design decoration, appearance of staff, & table arrangement”. Finally, the altruistic value dimension is represented by items of “ecologically produced, coherent with your ethics and moral values & spiritual atmosphere”.

A symmetrical balanced incomplete block design (Green, 1974) of seven perceived value dimensions, consisting of seven sets was designed for Best-Worst Scaling (Louviere et al., 2013) task to measure the construct of multi-dimensional perceived value and asked consumers to select the most important and least important value dimensions in each set. In this experimental design, each value dimension was seen an equal number of times (shown three times in the questionnaire) with every other item to control context effects: also, respondents saw each value dimension in a chronological order across the choice sets (Lee, Soutar, & Louviere, 2007).

The questionnaires were distributed online by a marketing research company in Australia to its nationwide online panel members comprising regular visitors to restaurants. The online research company’s panel members were 18 years of age or older and the proportions were female (51.3%) and male (48.7%). The survey questionnaire was distributed
online to a total of 610 Australian consumers and finally 297 complete responses were collected that exceeds reasonable response rate.

4.0 Research Findings

The square root of the best count divided by the worst count (Sqrt(B/W) scoring procedure (Marley & Louviere, 2005; Lee, Soutar, and Louviere, 2008) was used in this study to measure the seven consumption-related consumer values. Based on the Sqrt(B/W) score, this study used hierarchical cluster analysis to analyse consumers' heterogeneity in terms of their value perception.

Based on the clustering results (dendrogram and scree plot of agglomeration coefficients), a 3-cluster solution was found to fit the data well (Hair et al., 2010). The average scores based on perceived value dimensions across these clusters are shown in Table 1. Nearly half of the sample (42%) were assigned to the first cluster, 38% of the total respondents belonged to the second cluster and 20% were allotted to the third cluster. Based on their mean values, the findings found that respondents of Cluster One (the major portion) were more concerned with functional value (price) of restaurant dining whereas those in Cluster Two were more concerned with functional value (quality) and the altruistic components of restaurant dining. On the other hand, social, emotional, epistemic and aesthetic values were more important to those in Cluster Three. Therefore, Cluster One were named 'price-sensitive consumers', Cluster Two were named 'utilitarian and ethics-conscious consumers' and Cluster Three were named 'hedonic and aesthetic-conscious consumers'.

Table 1: ANOVA Results of Perceived Values among 3 Clusters

<table>
<thead>
<tr>
<th></th>
<th>Cluster 1 125 (42%)</th>
<th>Cluster 2 112 (38%)</th>
<th>Cluster 3 60 (20%)</th>
<th>F value</th>
<th>p value</th>
</tr>
</thead>
<tbody>
<tr>
<td>sqrtbw1 Functional, High quality</td>
<td>1.3326</td>
<td><strong>1.8775</strong></td>
<td>1.4631</td>
<td>95.328</td>
<td>.000</td>
</tr>
<tr>
<td>sqrtbw2 Functional, Reasonable price</td>
<td><strong>1.9497</strong></td>
<td>1.3275</td>
<td>.9442</td>
<td>387.169</td>
<td>.000</td>
</tr>
<tr>
<td>sqrtbw3 Social, Feeling acceptable</td>
<td>.8556</td>
<td>.7964</td>
<td><strong>.9292</strong></td>
<td>3.612</td>
<td>.028</td>
</tr>
<tr>
<td>sqrtbw4 Emotional, Happiness</td>
<td>.9992</td>
<td>.9502</td>
<td><strong>1.3764</strong></td>
<td>39.151</td>
<td>.000</td>
</tr>
<tr>
<td>sqrtbw5 Epistemic, Satisfy curiosity</td>
<td>1.0218</td>
<td>1.0911</td>
<td><strong>1.1162</strong></td>
<td>2.007</td>
<td>.136</td>
</tr>
<tr>
<td>sqrtbw6 Aesthetic, Design &amp; decoration</td>
<td>.8250</td>
<td>.7259</td>
<td><strong>1.0882</strong></td>
<td>37.058</td>
<td>.000</td>
</tr>
<tr>
<td>sqrtbw7 Altruistic, Ecologically produced</td>
<td>.7066</td>
<td><strong>.9229</strong></td>
<td>.6862</td>
<td>16.434</td>
<td>.000</td>
</tr>
</tbody>
</table>

In terms of demographic characteristics, utilitarian and ethics-conscious consumers had higher weekly incomes ($1,000–$1,299) compared to Cluster Three who were earning $400–$599 per week. The majority of respondents in the price-sensitive consumer cluster had weekly incomes of $250–$399. This finding implied that lower-income people were more
price-conscious whereas higher-income people were more aware about ethics and had a greater emphasis on hedonic value components.

In summary, this study has used a new method of Best-Worst Scaling to measure the seven consumption-related consumer values based on the theory of consumption values proposed by Sheth et al. (1991) and Holbrook’s (1994, 1999) consumer value typology. Hierarchical cluster analysis of the seven value dimensions has confirmed that consumers can be segmented meaningfully based on their value preferences.

5.0 Discussion and Conclusions

The motivation for selecting Australia as the context of the study arose from the desire to improve the understanding of the Australian services sector and the increasing role that services play in this economy. In Australia, the economy is currently dominated by the services sector and almost 80% in GDP contribution comes from the services industry (Australian Trade Commission, 2011). The restaurant services sector has an increasing impact on the development of the society in any service-based economy. In Australia, undertaking research in the restaurant services sector has significant economic and managerial implications for practitioners in this specific context. The restaurant, café and catering sector in Australia represented 5.8% growth in 2011 and this particular services sector created 61.6% of employment in the accommodation and food services industry in February 2010 (Restaurant & Catering, 2011).

By re-conceptualizing perceived value based on integration of existing theories (Gregor, 2006), this study contributed to the literature by expanding the understanding of existing knowledge. We have emphasized the need to conceive perceived value as a multi-dimensional construct and the importance to pay attention to perceived values rather than the restaurant attributes. Prior literature has pointed out that attributes are at the very bottom of the value hierarchy model whereas values are at the very top (Woodruff, 1997). Attributes are often components that a restaurant must provide regardless of a customer’s actual reason for visiting whereas perceived values are more likely to reflect the real reason of restaurant dining.

The proposed seven consumption-related perceived value dimensions can help restaurant marketers to analyse their market and explore what customers seek in their dining experiences and, therefore, will assist restaurants to develop more effective marketing strategies from the customer’s perspective. The use of the cluster analysis of the seven value dimensions would permit practitioners to better understand customers' needs; thus helping them to develop more effective market segmentation strategies (Wedel & Kamakura, 1999) in order to attain sustainable competitive advantage in this industry.

This study has some limitations that can be explored with future research. First, the study confined its investigation within a single services industry in a single country that may limit the generalizability of the findings to other sectors. Therefore, future research is needed in multiple locations across different services sectors to increase external validity of the outcomes. Second, there are alternative taxonomic methods that future research could use such as archetypal analysis (Cutler & Breiman, 1994) and scale-adjusted latent class models (Magidson & Vermunt, 2007). Third, this study used an online research firm to survey respondents. This means that consumers needed to depend on past memories of dining experiences which may cause a bias. Therefore, future research could use different data collection techniques in this regard to increase the authenticity of the research.
References


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Frontline Employees’ Expectations About Customers: 
Disturbance or Co-Creators of Value?

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Abstract
Following their recognition as value co-creating partners, customers have been ascribed an increasingly active role in service production. However, what is expected of customers in service situations is a surprisingly uninvestigated area. The purpose of the paper is to explore expectations about customers among frontline employees in retail. The paper draws on 35 in-depth interviews with frontline employees in three retail industries. The identified expectations reveal a service practice that is heavily structured by ideals of rational efficiency. These ideals make the customers’ value co-creating capacity conditional: just as the employees themselves, the customers have to conform to the logic of the service system if value is to be created. Arguably, co-creation needs to be discussed both on a strategic level, in terms of what the “customer*/the market wants, and on an operative level, to bring forward how frontline employees and customers together are trying to accomplish co-creation in practice.

Keywords: Frontline employees, expectations, value co-creation, retail
Track: Services Marketing

1.0 Introduction
Frontline employees’ (FLEs) play a strategic role in value creating activities (Wikström, 1996), since they are often the primary point of contact before, during and, after a purchase (Chung-Herrera et al., 2004). Their interactions with customers during service encounters represent a critical determinant of customers’ satisfaction with the service (e.g. Bitner 1990; Bitner et al., 1990; Bitner et al., 1994; Brady and Cronin, 2001; Czepiel et al., 1985; Darian et al., 2005; Solomon et al., 1985) and are perceived to be linked to attractive and positive customer cognitions such as loyalty, trust and confidence (e.g. Cederholm and Gyimóthy, 2005; Doney and Cannon, 1997). The human interaction element is thus essential when determining whether or not service delivery is to be deemed satisfactory (Chebat and Kollias, 2000). However, unlike what customers expect from FLEs (e.g. in terms of attitudes, behavior and performance), what FLEs expect from customers in service situations is a surprisingly uninvestigated area of research. The purpose of the paper is to explore such expectations about customers among FLEs in the retail sector.

2.0 Theoretical background
In the service marketing literature, the active participation of customers in core service processes has for long been considered a central aspect of service (e.g. Shostack, 1977; Rathmell, 1974). In many service situations, the service customer becomes a “partial employee” (Schneider and Bowen, 1995), expected to bring not only customer expectations and needs but also relevant service production competencies that will enable them to fulfill their role in the service process. In these cases, customers are thus not mere receivers of service value but active co-producers of it.
In recent service research this active role has been generalized further, as the customer is recognized as a value co-creating partner and where value is fundamentally derived and determined in the customers’ use (value-in-use) (Grönroos, 2008; Prahalad and Ramaswamy, 2004; Vargo and Lusch, 2004ab; Vargo et al., 2008). Value co-creation has been conceptualized as the integration of customer and supplier systems, each of which contributes to the creation of value for itself and for the other (cf. Vargo et al., 2008). Value creation is thus both mutual and integrative. However, the integration of the systems is not complete. Instead, Payne et al. (2008) point to the very “touchpoints” where the value creating processes of customers and suppliers interact at a mutual benefit. It is through these interactions that value is created, seeing that information is exchanged, consumed (i.e. existing information utilized) and produced (i.e. new information created) as well as knowledge is generated (Berthon and John, 2006). In the interactions, the parties are temporarily entering each other’s system worlds, as service suppliers and co-creating customers respectively. The extent and form of the customers’ co-creative participation varies between different service settings, from self-service offerings where the customer has to be very active and independent to services where the customer might be very passive and even absent from the service site all together (cf. Bitner et al., 1997).

It has also been noted that the interactions might sometimes have negative outcomes, actually destroying value (Echeverri and Skålén, 2011; Ple and Caceres, 2010). Seen from the company’s perspective this happens “when one system (in this example, the customer) has failed to integrate and apply the operand and operant resources of at least one of the systems (the firm and the customer) in an “appropriate” or “expected” manner from the other system’s perspective (the firm)” (Ple and Caceres, 2010, p. 432). Tax et al. (2006) found that as much as one third of all service problems are caused by customers.

From a somewhat different angle, evidence from research on customer misbehavior shows that customers who deviate from what is expected by not following societal or service specific behavioral norms cause severe problems in the service work environment, in addition to causing service quality failures (e.g. Bailey and McCollough, 2000; Fellesson et al., 2013; Fullerton and Punj, 2004; Harris and Reynolds, 2003; McColl-Kennedy et al., 2011; Reynolds and Harris, 2006). What customers do in the service process thus matters, both from a managerial and an employee point of view.

Applying an operative perspective, Bateson (2002) stresses the importance of customer scripts being aligned with supplier systems and processes, for both productivity and quality reasons. However, such an alignment requires the expectations on the customer being made salient and critically evaluated, to make sure the delicate balance between fostering customer behavior on the one hand and not subjugating them to company centric (i.e. non customer oriented) operational procedures and/or staff’s personal interests on the other hand is maintained.

In addition, FLEs’ expectations about customers are important since these expectations not only express how the customer is supposed to fit in to the company on a conceptual level but also are likely to influence how the FLE consequently acts in the service encounter (cf. Mascio, 2010). An understanding of FLEs’ expectations about customers therefore arguably contributes to knowledge both about how the service value is supposed to take place, and about what might happen in concrete service situations.
3.0 Method

The paper draws on 35 in-depth interviews with FLEs in three retail industries in Sweden: groceries, home electronics and women’s/children’s fashion. The interviews were part of a larger project aimed at understanding how FLEs deal with misbehaving customers and the industries were chosen based on the frequent occurrence of such difficult situations. One retail company in each industry with stores in most parts of Sweden was selected. In order to get a variety of responses, FLEs of different age, gender and work experience working in stores of different sizes and in different cities in each retail company were chosen. The respondents in the three industries had similar work tasks, e.g. working as cashiers or serving customers in the store. In the home electronics stores, some of the respondents also worked behind the return counter. The interviews were conducted between April and June 2013 in a convenient area for the respondents in each store. Each interview lasted between 45 to 90 minutes and was tape recorded. The questions were all open-ended and in one section the respondents were asked to describe their expectations about customers. Such a qualitative approach enables a deeper insight into the complexity of customer service work (cf. Miles and Huberman, 1994). Rich data can be obtained when respondents are given the opportunity to provide in-depth accounts of their own experiences (Stauss and Weinlich, 1997). All interviews were coded, processed, and analyzed using the NVivo computer software. This program enables a grounded-theory approach to identify codes, concepts, and categories of importance that describe and explain the object under study. First, the two researchers that conducted the interviews, independently listened to each interview again, read all transcripts several times and made an initial categorization in NVivo where commonalities in the respondents’ expectations about customers were grouped. The two categorizations were then merged and discussed among the researchers. This resulted in further refinement, fewer categories and several representative quotations that illustrate the categories. In the third stage, one of the researchers made an additional coding. The analysis identifies three broad categories of expectations about customers, ranging from how they should behave during service encounters to how they should behave in the store in general.

4.0 Results and discussion

The results show that the expectations expressed by the retail FLEs fall into three broad categories. Firstly, the category operative expectations, means that employees expect the customers to practically perform certain activities in the service process with an acceptable level of accurateness. Secondly, in interactive expectations, customers are expected to display appropriate social behavior when interacting with each other and with service staff. Thirdly, in role-related expectations, the customers are expected to be aware of and adhere to the role of being a customer in a commercial relationship of the type in question. The categories are presented in table 1, together with concrete examples of expectations and illustrating quotes from the interviews.

<table>
<thead>
<tr>
<th>Main categories</th>
<th>Sub-categories</th>
<th>Examples and quotes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operative expectations</td>
<td>Efficiency in the store</td>
<td>Prepared to pay when approaching cashier, not mess up the store, wait on their turn - “If I could wish it would be that they keep it tidy, that they don’t throw things on the floor in the dressing room.” (Female, 53, fashion)</td>
</tr>
</tbody>
</table>
|                          | Awareness of       | Basic knowledge of guarantees and refund policies - “You
<table>
<thead>
<tr>
<th>Role-related expectations</th>
<th>Acknowledge their role as retail customers</th>
<th>Be fairly clear about their needs/wants, be prepared to make a purchase - “One thinks they should have a clue about what they want, why they come here.” (Female, 24, fashion)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Respect others’ roles</td>
<td>Accept that staff have multiple work tasks - “[...] that they respect that I also have other things I need to do.” (Male, 20, home electronics)</td>
</tr>
<tr>
<td></td>
<td>Subscribe to the service concept</td>
<td>Not demand full service from low-price outlets, accept efficient standardized organizational arrangements - “[If you think about Hightech’s [name is altered] business idea, that they [the customers] should know what they want.” (Male, 20, home electronics)</td>
</tr>
</tbody>
</table>

The operative expectations relate clearly to the discussion on customer co-production in service research. The customer is expected to be an active participant in all three retail settings, contributing to the total service experience through various activities performed in the service process. The three companies all represent highly rationalized retail settings with sophisticated logistic and marketing systems that provide a next to industrial touch to the businesses, even if the extent to which the customers are expected to notice this vary. On an operative level, the FLEs are responsible (and possibly affected by the companies’ control systems and/or professional norms) for things running smoothly and effectively in the store, something that is also manifested in their expectations about customers not “messing things up” and causing additional work for the FLEs. In an effective service process customers are also expected to be familiar with rules in the store and have a basic commercial knowledge.

The interactive expectations resonate with research on deviant customers and general norms about acceptable behavior. Customers that misbehave disturb otherwise functioning service encounters and FLEs often need to deal with this in some manner. Besides potential...
negative short and long term consequences for FLEs, this takes time and requires an effort. The interactive expectations are also related to the interactive character of services, what is delivered and how (technical and functional quality, see Grönroos 1982), and that it is difficult for FLEs to deliver high perceived functional quality if the customer is behaving in a negative manner and is not the same “wavelength” as the FLE. A functioning and pleasant interaction between the FLE and the customer enables the service to be personalized and additional “soft” value to be created. The interactive component is thus an important strategic complement. In addition, there is also a subjective interest of having a pleasant work environment where you feel respected (and perhaps also get acknowledged) by customers in the daily interactions.

The role related expectations have received limited attention in research so far. The expectations are partly about that customers are expected to function as customers on a general level (articulate their needs, be able to pay etc.), partly about customers also having a more defined role in the companies’ own strategies. The latter is of particular interest since the strategies often are said to be based on what the customer wants. This correspondence is obviously not always realized in the concrete service encounter, most likely due to the different level of abstraction between strategy and operations. That is, companies adapt their businesses to a generalized, abstracted customer “out there” and then expect the concrete customer to follow this expected customer role. As with the operative expectations, FLEs are induced by the companies’ control systems and cultural values to make sure the strategy is executed, and are faced directly with any discrepancies when it comes to how the customer role is played out.

5.0 Conclusions

The results reveal a multifaceted customer role where customers should be seen as co-players rather than sovereign actors. Partly, the expectations can be interpreted as expressions of companies’ control systems and employees’ self-interests concerning their working conditions, work load and complexity in work tasks. However, the respondents’ answers also reveal a service practice that is heavily structured by ideals of rational efficiency. These ideals make the customers’ value co-creating capacity conditional: just as the employees themselves, the customers have to conform to the logic of the service system if value is to be created. This raises the critical question: could the subjugation of the customer to the service system be justified from a value co-creation perspective?

Another possible interpretation is that our three companies are simply not very customer oriented. However, we think this is a too simplistic explanation. Instead, there is a need to discuss co-creation on different levels, partly a strategic level where offerings are shaped and adapted to what the “customer”/the market wants, partly a more day-to-day form of co-creation where FLEs and customers together are trying to accomplish this in practice, and where the FLEs have the responsibility that this is done within certain boundaries.

On a concrete level, our study indicates that expectations on customers should be taken seriously in service provision. Managers need to make a balanced judgment if the expectations are exaggerated and something that need to be dealt with through education of employees or if the expectations reflect what are actually required of customers in order for value to be created and that the company instead needs to work on “educating” the customers.

References

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Client Perceptions of Financial Planner Value Co-creation Styles: Scale Development

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Abstract
Firms seek to support customers in their value co-creation process, making it critical for them to understand the appropriate or optimum amount of resources to integrate in an extended and complex service setting. Based on this notion, earlier research developed a typology of service providers’ value co-creation styles, and thus different ways in which the firm integrates its resources and interacts with clients in the value co-creation process. This research extends the conceptual and operational development of these styles by identifying eight interaction and activity dimensions that characterise the five value co-creation styles in the same context of financial planning. Furthermore, a measurement instrument is developed, enabling researchers and practitioners to capture the different styles and to understand how clients can be supported in their value co-creation process effectively.

Keywords: S-D logic, resource integration, value co-creation, value co-creation styles, financial planning
Track: Services Marketing

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1. Introduction
The SD Logic proposes that both customers and firms should be seen as value creators and value beneficiaries (Vargo and Lusch, 2004). Here, the firm creates value with the customer rather than for the customer (Vargo and Lusch, 2004; Gronroos, 2011). Contrary to this is the resource-based view (RBV) where the firm takes on the role of allocating resources and generating the value of a resource (Mele and Corte, 2013). Thus, SD logic provides a unique perspective in that firms take on a supportive role in the customer-firm relationship.

While recent studies have attempted to define customer value co-creation through customer styles of value co-creation (e.g. McColl-Kennedy et al., 2012), there is limited knowledge on how firms can contribute to their customers’ value co-creation process. Furthermore, while S-D logic emphasizes the need for firm-customer collaborations to create value, the respective roles of the firm and customer are not clear (Gronroos 2011, Gronroos and Voima, 2013). This gap is especially prominent from an actor to actor perspective, that is, the value co-creation process between a customer and the service provider. In order to best support customers in their value co-creation process, it is critical for the firm to understand the appropriate or optimum amount of resources to integrate that various customers are likely to find value in. That is, to what extent or how should service providers interact with clients and integrate resources to facilitate their value co-creation process?

Based on this notion, researchers have developed a typology of service providers’ value co-creation styles based on a series of in-depth interviews in the financial planning context (Ng et al., 2013). Yet, further development is required to not only illustrate the specific
dimensions that characterise different value co-creation styles, but also to develop an instrument to capture these dimensions. The purpose of this paper is therefore to delineate how the perceived value co-creation styles differ, by (1) identifying specific dimensions (or themes) that can be used to distinguish between value co-creation styles, and (2) developing measures to quantify these dimensions. The five value co-creation styles that were identified by Ng et al. (2013) are listed below:

**Delegatee:** This financial planner manages the client’s portfolio entirely on his/her behalf. The financial planner will let the client know when his/her participation or approval is required but otherwise takes charge and implements the strategies. **Mentor:** This financial planner mostly manages the client’s portfolio with some input from him/her. The financial planner provides options and his/her advice may guide the client’s thinking, but the final decision about financial strategies lies with the client. **Partner:** This financial planner actively involves the client in the managing of his/her own financial portfolio. The financial planner and client communicate frequently and make decisions together. **Sports Coach:** This financial planner is directive in his/her recommendations and strives to keep the client on track to meet the goals set by the client. The client makes the final decision by choosing to concur, reject or ask for alternatives. **Validator:** This financial planner addresses specific concerns or decisions that the client may have. The client is likely the one to contact his/her financial planner rather than the other way around, as the client prefers to have control over his/her own financial matters.

1. Method

The financial planning industry was chosen as the context for this research due to the prevalence of high levels of interactions between the client and professional and significant levels of customisation for each client (Yoo et al., 2012). Furthermore, it is an extended service setting, such that multiple encounters are experienced over time. Both these factors suggest a rich setting to explore in detail the many ways in which customer perceived value can be co-created. In the exploratory phase, 26 semi-structured interviews were carried out across three Australian states, namely New South Wales, South Australia and Western Australia.

The sample included 11 existing clients, characterised by a variety of ages, backgrounds and locations, and 15 financial planners representing firms of various sizes, in metropolitan and regional areas. Existing clients were contacted through the financial planners based on snowball sampling. This technique was useful in identifying suitable candidates to be included in the study, due to the nature of the targeted population that is small and unique (Lukas et al., 2005). Interviewing clients individually about their financial planner’s value co-creation style, contributed to the depth of each style. More importantly, the inclusion of financial planners in the sample allowed us to identify latent value co-creation styles that were not represented in the existing client sample.

Following the interviewing process, the recorded interviews were transcribed into paper format. A total of three authors and an independent researcher participated in the process of analysing the qualitative data. First, all of the transcribed interviews were read by the three authors to understand the different realities as dictated by each client. The researchers engaged in multiple realities in the naturalistic paradigm, making sense of and deriving patterns that can be replicated, in order to establish reliability (Lincoln and Guba, 1985). The value co-creation styles were further developed by the three authors and a fourth independent
researcher based on Lincoln and Guba’s (1985) Constant Comparative Method on a match and contrast basis, where the fourth researcher acted as a moderator. Through this approach, themes emerged through questioning; anyone who was unable to defend his/her stand had to reconsider his/her position. This method of triangulation through the use of multiple researchers contributed to the credibility of the qualitative data collected (Lincoln and Guba, 1985). After several rounds of negotiation and revision, five value co-creation styles were finalised upon consensus from all parties. This is a similar approach utilised by McColl-Kennedy et al. (2012) to develop customer value co-creation practice styles. Hence, the findings were derived inductively, rather than deductively.

2. Typology of Financial Planner Value Co-creation Styles

Based on this process, eight emergent interaction and activity dimensions that differentiated the styles within the value co-creation process were identified by the authors individually. This is consistent with the definition of value co-creation, which refers to the “benefit realised from the integration of resources through activities and interactions with collaborators in the customer’s service network” (McColl-Kennedy et al., 2012, p. 370). Interaction is defined here as a physical, virtual, or mental contact, where the service provider creates opportunities to engage with their customers’ experiences and practices, thereby influencing their flow and outcomes (Gronroos and Voima, 2013). On the other hand, activity refers to the service provider’s input of resources for customers to integrate into their value co-creation process (Vargo, 2008; Gronroos and Voima, 2013).

Interaction dimensions entail the following: Frequency of Interaction: The frequency of interactions between the client and service provider. Communication can be one-way or two-way flow, through online and offline face-to-face channels, in a formal or informal setting. Participation Ratio: The ratio of participation between the service provider and the client. Participation reflects the extent to which an actor invests time and effort in sharing information, making suggestions (adapted from Chan et al. 2010) and being involved in the service process. Deliberation: The manner in which the planner involves the client in consideration of various options in the development and/or execution of a plan or strategy. Decision-making: The manner in which the financial planner involves the client in the process of deciding which strategies to implement.

Activity dimensions entail the following: Updating: The manner in which the financial planner informs the client on relevant updates, such as the current status of the portfolio, any changes in law and regulation, scheduling meetings and invitations to events. Educating: The manner in which the financial planner imparts relevant knowledge to the client to develop their capabilities. This is possible through verbal communication, relevant reading materials and financial seminars. Connecting: The manner in which the financial planner provides new opportunities to the client through networking sessions. Motivating: The manner in which the financial planner supports the client’s needs for both autonomy with respect to managing their portfolio and competence with respect to knowledge and skills related to their own financial investments. The finalised typology is presented in Table 1 on the following page.

These eight dimensions characterise each of the dominant value co-creation style outlined above, which vary in terms of the amount of resources and interactivity that the financial planner provides. We note that each client interviewed could be attributed to one of the five styles and each found value in their financial planner. This insight further suggests that there is no singular optimal level of value co-creation. This is because the usefulness of resources is
dependent on whether the client is willing and able to integrate resources (Vargo and Lusch, 2011). Therefore, an instrument that can be used to measure amount of resources and interaction that a client perceives their financial planner as providing would be useful to firms seeking to support customer value co-creation effectively.

3. Value Co-creation Style Measures

Measures were developed based on the guidelines recommended by Diamantopoulos and Winklhofer (2001) and previously utilized by Coviello, Winklhofer and Hamilton (2006). Formative measures were preferred over reflective forms of measurement as the observed variables in this study (interaction and activity items) cause the latent variable (the style) (Diamantopoulos and Winklhofer, 2001). In this case, all dimensions characterising the construct were covered comprehensively. An exclusion of a relevant indicator will exclude part of the construct (Coviello et al, 2006). Each of the five value co-creation styles were measured with indices derived from eight formative indicators. The eight interaction and activity dimensions identified in the exploratory stage on a match and contrast basis (Lincoln and Guba, 1985) characterise the five value co-creation styles.

In the quantitative stage, these will be measured most typically with 7-point scales anchored by strongly disagree (1) and strongly agree (7). In the pilot stage, academics and existing clients will be used to assess the relevance and scope of the constructs (Coviello et al, 2006). In addition, indicator collinearity will be assessed to check for redundancy, since the formative model is based on sum scores. Lastly, external validity will be tested by examining the bivariate correlations between the eight indicators and five general statements that define each style. These follow closely the steps as listed by (Coviello et al, 2006).
It is important to note at this point that some of these value co-creation styles may share the same characteristics, that is, they are not mutually exclusive. A comprehensive outline of the typology of financial planner value co-creation styles is provided in the following table:

<table>
<thead>
<tr>
<th>Participation Ratio</th>
<th>Delegatee</th>
<th>Mentor</th>
<th>Partner</th>
<th>Sports Coach</th>
<th>Validator</th>
</tr>
</thead>
<tbody>
<tr>
<td>90-10. Participation of client(s) limited to providing all necessary details as required</td>
<td>70-30. Financial planner expects some level of involvement/participation</td>
<td>50-50. Equal involvement from financial planner and client(s)</td>
<td>50-50. Equal involvement from financial planner and client(s)</td>
<td>30-70. Client(s) drives/strongly participates in the process; the financial planner is only sought for specific pieces of advice</td>
<td></td>
</tr>
<tr>
<td>Frequency</td>
<td>Minimal. Only when financial planner needs to update client</td>
<td>Occasional. When client needs the financial planner to explain things in simplified terms</td>
<td>Frequently. For formal and informal discussions</td>
<td>Frequently. Regular meetings to keep track of progress</td>
<td>Minimal. Whenever client(s) needs the financial planner to validate their own decision(s)</td>
</tr>
<tr>
<td>Deliberation</td>
<td>Financial planner will take charge</td>
<td>Financial planner simplifies the options so that client(s) can choose from</td>
<td>Financial planner discusses with client(s) in detail the options that they can choose from</td>
<td>Financial planner is directive in his/her recommendations</td>
<td>Financial planner only provides client(s) with options specific to client’s query</td>
</tr>
<tr>
<td>Decision-making</td>
<td>Financial planner will let client(s) know when his/her approval is required</td>
<td>Financial planner guides client(s) in making decisions</td>
<td>Financial planner engages client(s) in shared decision making</td>
<td>Provides client(s) with recommendations for his/her consideration</td>
<td>Financial planner reviews and validates their client(s)’ decisions</td>
</tr>
<tr>
<td>Updating</td>
<td>Reactive. Updates client(s) only when there is a need to. (Necessary updates such as new or changes to regulations and/or legislations that are relevant to client)</td>
<td>Reactive. Updates client(s) only when there is a need to (since client is already part of the process, too much information may be too overwhelming)</td>
<td>Active. In addition to necessary updates on regulations and legislations, financial planner also provides information about the progress of client(s)’ portfolio and new product opportunities</td>
<td>Active. In addition to necessary updates on regulations and legislations, financial planner also provides information about the progress of client(s)’ portfolio and new product opportunities</td>
<td>Updates client(s) only upon his/her request</td>
</tr>
<tr>
<td>Educating</td>
<td>Provides minimal information as possible, as and when necessary</td>
<td>Basic understanding of the products in simplified terms</td>
<td>Occasional sharing of finance-related information</td>
<td>Regular sharing of finance-related information</td>
<td>Provide only specific advice as requested by client(s)</td>
</tr>
<tr>
<td>Connecting</td>
<td>Rarely sends client(s) invites to networking sessions</td>
<td>Occasionally invites client(s) to networking sessions</td>
<td>Frequently sends client(s) regular invites to networking sessions</td>
<td>Frequently sends client(s) regular invites to networking sessions</td>
<td>Sends client(s) invites to networking sessions only upon his/her request</td>
</tr>
<tr>
<td>Motivating</td>
<td>Puts minimal pressure on client(s). Only in the early stages where client info is collected</td>
<td>Guides client(s) according to his/her pace</td>
<td>Encourages and checks on client(s)’ progress</td>
<td>Disciplines and monitors the client(s) to keep him/her on track to meet set goals</td>
<td>Does not provide any form of motivation</td>
</tr>
</tbody>
</table>
the indices that have been developed exceeds the scope of this paper. However, examples of indices that have been developed are provided in Table 2.

Table 2: Examples of developed formative indices

<table>
<thead>
<tr>
<th>Indices for Educating Dimension</th>
<th>Indices for Motivating Dimension</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimal relevant information, as and when necessary</td>
<td>Puts minimal pressure on me</td>
</tr>
<tr>
<td>Basic understanding of the products in simplified terms</td>
<td>Guides me according to my pace</td>
</tr>
<tr>
<td>Occasional sharing of relevant information</td>
<td>Encourages and checks on my progress</td>
</tr>
<tr>
<td>Regular sharing of relevant information</td>
<td>Disciplines and monitors to keep me on track</td>
</tr>
<tr>
<td>Only specific advice that I request from him/her</td>
<td>Does not to provide any form of motivation</td>
</tr>
</tbody>
</table>

5. Benefit of Each Value Co-creation Style

Clients were found to derive specific benefits depending on the value co-creation style of their financial planner. The benefits experienced derived through the analysis were as follows:

**Delegatee:** The ability to outsource the responsibility of managing finances to a third party. (e.g., “But for me part of the service I provide is to let, so that they don't have to do that. They can spend their time and energy on things that are more fun or more productive” Financial Planner). **Mentor:** Continued support from financial planner (e.g., “…he has been ever-willing to answer my most…what I consider little things, he has been very helpful and understanding, and nothing seems to be too much effort for him to explain.” Client). **Partner:** Client empowerment (e.g., “…so I could quite honestly take their advice and then form a view and say "Well, yeah, I'm happy with that" or "I'm not happy with that." But I did get significant benefits in terms of how I was managing my affairs. So that was, from my point of view, was really worthwhile” Client). **Sports Coach:** The drive or stimulation of the client’s interest in managing his/her own finances (e.g., “I feel like that’s good, it’s like having a personal trainer at the gym tell you I know it’s good for me, so yelling at you almost because it’s encouragement” Client). **Validator:** Client access to a review of their decisions (e.g., “…so I’ve got a sounding board who I trust. And who also puts it in perspective of what’s happening, what the thoughts are of the financial planning area is across what financial planners do for current thinking…” Client).

It should be noted, however, that these benefits are likely to depend on the match of the financial planner’s value co-creation style with the client’s value co-creation behaviour. For instance, a client who invests very little time and effort into financial matters is likely to benefit from a financial planner with a delegatee style, yet is likely to be frustrated by a financial planner with a sports coach style who pushes the client to be more active in managing his financial affairs.

6. Conclusions and Future Research

This research contributes to the literature through the identification of eight interaction and activity dimensions, which characterises the service provider value co-creation styles in an
extended complex service setting, financial planning. It brings further insights on the process of value co-creation on a micro actor-to-actor level, as well as the role of the service provider. The scale will be tested in the near future; initial results are expected to be available at the ANZMAC conference. Future research may take a longitudinal approach investigating how and why styles develop and change over the client’s relationship with the planner, and how differences across countries (for example Hofstede’s cultural dimensions) may affect these styles. This will be highly relevant with globalisation leading to financial planners having clients from diverse backgrounds. In terms of practical application, this scale can be adapted and used by companies to assess customers’ perceptions and preferences towards the value co-creation style of their financial planner. This will be relevant to both prospective and existing customers. For prospective customers, this can be used as a predictive tool to assess their preference before the service ensues. In terms of existing clients, financial planners may use this scale in their survey during their yearly review to evaluate changes to existing customers’ perceptions and preferences, as styles are likely to change over the client-planner relationship.

References


Building Sustainability into Services Marketing: 
Expanding Decision-Making from a Mix to a Matrix

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Abstract
In line with the AMA’s revised (2007) definition of marketing, which aligns with the societal marketing orientation by requiring that Marketing create value not just for individual consumers and organisations but also for society at large, this paper proposes a Sustainability Services Marketing (SSM) framework. At present, services marketing managers have little guidance on how to pursue sustainability and achieve sustainable development goals. The SSM addresses this gap in a systematic, holistic and transparent way by ensuring sustainability cascades through the strategic marketing planning process. The traditional services marketing mix is expanded to include partnership, and the eight elements are cross-referenced against the three pillars of the triple bottom line - Planet, People and Profit - to produce the Sustainability Services Marketing Matrix (SSMM). The model is described and illustrated with brief case examples, and implications for theory and practice, and potential directions for further research are discussed.

Keywords: Services marketing, Sustainability Services Marketing, Sustainability Services Marketing Matrix, sustainable development, triple bottom line

Track: Services Marketing

1.0 Introduction

The need for sustainable development, built upon more responsible production and consumption, was recognised by the Brundtland Commission of 1987 (World Commission on Environment and Development, 1987). On the production side, however, a sustainability-oriented focus across corporate functions is rare, and decreasing, according to a recent survey of 711 sustainability executives from Business for Social Responsibility (BSR) member companies (Coulter, 2013). This is despite evidence that a greater alignment between business and societal objectives can improve profitability (Porter and Kramer, 2006, 2011), and sustainability-led innovation can add to the triple bottom line (TBL) enhancing the environment and society, and driving long-term profitability (Seebode et al., 2012). Several valuable marketing texts have recently emerged (Belz and Peattie, 2009; Martin and Schouten, 2012), respectively, but for a services marketing manager wishing to engage with the issues of sustainability, there is little extant guidance for how to go about this (Crittenden et al., 2011).

Marketing in the service business context has radically changed over recent decades. In 2007, the American Marketing Association acknowledged this, expanding its view of the discipline’s role as going beyond the dyad of creating customer value and achieving organisational objectives reflecting an earlier notion of the societal marketing concept (Kotler and Levy, 1969; Lazer, 1969) in marketing philosophy. Marketing, it has been argued, needs to reinvent itself to be environmentally responsible (Kotler, 2011). This revised definition of Marketing is a part of the discipline’s reinvention, embracing the creation of societal value.
The purpose of this paper is, therefore, to better equip the services marketing manager in driving enhanced sustainability through the marketing function. We contribute to the services marketing literature by inductively developing a conceptual framework for *Sustainability Services Marketing* (SSM). With sustainability included in the organisational mission and strategic goals, a key element of SSM is to broaden the service marketing manager’s decision-making capabilities in order to effect sustainability at the operational level. This is achieved by recognising the need for internal and external sustainability collaboration (that is, through *Partnership*) and expanding the notion of the services marketing mix (Booms and Bitner, 1981) by cross-referencing the mix’s, now, 8 *Ps* with the TBL’s pillars of *Planet*, *People* and *Profit*. The result is the *Sustainability Services Marketing Matrix* (SSMM). We illustrate how this framework might be applied in practice with examples of service firms’ sustainability-oriented decision-making in areas specified by the matrix. The SSM provides a sustainability audit tool and assists sustainability performance being planned in a systematic, holistic and transparent manner across the service firm’s operations, achieving strategic sustainability goals and objectives, and providing enhanced value to customers and the firm, and also society at large.

### 2.0 Sustainability in Services

Today’s business managers struggle with aligning corporate and customer objectives with broader environmental and societal goals. Even when sustainability’s importance is acknowledged as a priority by firms, companies are not taking a proactive approach to sustainability management (Berns et al., 2009; McKinsey & Company, 2010). It is argued that mainstream marketing management theory, research, and practice offers little to equip companies and managers to deal with sustainability expectations are the rule rather than the exception (Crittenden et al., 2011). Consumers increasingly report considering the environment when they shop (e.g. Cone Communications, 2013). Absent higher levels of sustainability in marketing cannot engender higher levels of responsible consumption. Further, a proactive sustainability performance is argued to: increase profitability; provide a point of differentiation and innovation around sustainability; and deliver first-mover advantage (Porter and Kramer, 2006). Services marketing managers need to proceed in a way that delivers TBL benefits in a systematic and transparent way that will not inspire cynicism or accusations of disingenuousness or *green-washing*. Managers may be unsure of how to make a business case for a proactive sustainability approach to senior management. The case examples we cite highlight that value creation through service delivery might be enhanced through greater sustainability performance. A proactive approach to sustainability is important for addressing stakeholder concerns and positioning a firm as responsible, and concerned with not only delivering value to individual consumers but to society at large. The proposed SSM framework provides service marketing managers clear guidance for achieving sustainability proactively.

### 3.0 The Sustainability Services Marketing Framework

We take an inductive approach to the development of the proposed SSM framework, intuitively working from the position that sustainability must be on the service firm’s agenda at each step of the strategic planning process; an omission from any one step will prevent its consideration in those steps to follow. Bridges and Wilhelm (2008, p. 34) argue marketing education in relation to sustainability requires a “consideration of environmental and social issues in all elements of marketing strategy planning, from objective setting to target market selection to strategic and tactical decisions regarding each of the marketing mix variables.”
Holistic planning and strategic decision-making is the first of four sustainable development principles (WCED, 1987). Through the strategic planning process, value for consumers, the organisation and, importantly, for society at large is created. Our SSM framework therefore propose that sustainability should initially be a consideration in the service firm’s vision and/or mission in order to signal what it wants to achieve in the larger environment (Kotler et al., 2007).

Stakeholders guided by the invisible hand (Kotler et al., 2007) of the sustainability-oriented mission include the organisation’s employees and customers, the service’s participants, and external stakeholders, such as supply-chain members and the community. The futuristic view of the mission then cascades into the organisation’s goal and objective setting, wherein sustainability issues, outcomes and impacts must also be considered. Goals and objectives must include sustainability aspirations, stated in terms of key sustainability performance indicators (KSPIs). The strategy level of the planning process involves the planning and coordination of service marketing resources and integration of the services marketing mix to deliver the value sought by customers and the organisation, and externalities of benefit to society at large.

The services marketing mix accounts for how the service offering is produced, priced, distributed, promoted, and how its participants (that is, the organisation’s personnel and its customers), processes, and its physical surroundings are managed (Booms and Bitner, 1981). However, as the services marketing mix decisions produce value, they simultaneously create harm (Polonsky et al.2003; Porter and Kramer, 2006). The SSM framework proposed here assists the services marketing manager in minimising the impacts of his or her service harm chain (Polonsky et al.2003), which should coincidentally create value for society at large and the service organisation (e.g., via reduced operating costs), and potentially increase value for customers. In a services marketing framework designed to create value for individual consumers, the organisation, and society at large, the operational decision-making must take into consideration and propose value for each of these actors. The logical way to achieve this, after articulating sustainability at each planning stage, in line with the recommendation of Bridges and Wilhelm (2008), is by referring each of the services marketing mix elements to the three pillars of the TBL. As a result, services marketing will be coordinated based on a matrix of considerations, with each marketing mix element required to account for its interactions with and impacts on Planet, People and (long-term) Profitability. The matrix cells should address how each marketing element: (i) makes optimal use of environmental resources that constitute a key element in the business’s development, maintaining essential ecological processes and helping to conserve natural heritage and biodiversity (Planet); (ii) respects the socio-cultural fabric of communities, conserving their built and living cultural heritage and traditional values, and contributes to inter-personal understanding and tolerance (People); and (iii) ensures viable, long-term economic operations, providing socio-economic benefits to all stakeholders that are fairly distributed, including stable employment and income-earning opportunities and social services to communities, contributing to the development of communities’ social capacity (Profit).

The services marketing mix (Booms and Bitner, 1981), a mnemonic device of seven Ps that expands on McCarthy’s (1960) marketing mix of four Ps, details the activities the services marketing manager needs to consider to achieve the organisation’s desired market offering, and includes: product, price, promotion, place, people, process, and physical evidence. Taken alone, however, these activities: (a) do not stress the need for consideration of the sustainability impacts of marketing decisions; (b) do not provide the manager much
guidance on how a service firm might alter the way things are done in an effort to address the sustainable development challenge; (c) do not review the way harm is created as a by-product of value creation along the service delivery supply chain; (d) do not ensure that services are designed, delivered and promoted with optimal resource use and minimal negative externalities affecting social and physical environments; (e) do not ensure that service delivery pricing is based on environmental full-cost accounting; (f) do not provide the basis for a narrative to communicate to stakeholders as to how the firm is responding to the sustainable development challenge; (g) do not escalate the importance of collaborating with other institutional actors to achieve key sustainability performance indicators; and (h) do not ensure that employees, customers and other stakeholders are included in and encouraged to support the firm’s drive toward greater sustainability. These challenges are addressed through the SSMM, where the service’s product, price, promotion, place, participants (note: participants, which was originally used by Booms and Bitner (1981), is used to avoid confusion with People in the TBL), process, and physical evidence.

We also expand on the generally accepted services marketing mix. To Booms and Bitner’s (1981) seven elements we argue is critically important for the service firm’s sustainability performance to include an eighth “P” element, Partnership. Many of the issues involved in moving from an unsustainable ‘business as usual’ approach and achieving greater sustainability performance across service operations necessitates collaborations with external actors, often as parts of networks, even actors traditionally viewed as competitors, in coopetition. Partnership might also be conceptualised as involving internal as well as external actors. Employees and customers, for example, might be primarily considered as participants, but might be moved along a brand-support continuum from mere compliance with the firm’s requests or requirements (for example, the request to re-use bath towels in many accommodation firms, or the requirement to travel to an event by public transport rather than private vehicle) to proactively support a firm’s sustainability initiatives (for example, by recommending the firm to members of one’s social network, or even transferring sustainability practices learned from the firm to one’s daily living).

These, now eight, ‘services marketing mix’ elements cross-reference the three pillars of the TBL to provide a sustainability-relevant services marketing framework for operationalising sustainability as part of SSM, which we refer to as the Sustainability Services Marketing Matrix (SSMM), as shown below (Figure 1). In Figure 1, the questions of how each of the eight services marketing decision areas interact with the three elements of the TBL is partially shown, and would be continued accordingly in each of the remaining cells. In the next section we will elaborate on the marketing mix elements in Figure 1, as their interpretations might vary when considered in the sustainability context, and we add service firm examples across a range of sectors to illustrate how the framework might be applied in practice.

<table>
<thead>
<tr>
<th></th>
<th>Product</th>
<th>Price</th>
<th>Promotion</th>
<th>Place</th>
<th>Participants</th>
<th>Process</th>
<th>Physical Evidence</th>
<th>Partnership</th>
</tr>
</thead>
<tbody>
<tr>
<td>People</td>
<td>Service product impact on People?</td>
<td>Pricing’s impact</td>
<td>Promotion’s impact</td>
<td>Place’s impact</td>
<td>Participant’s impacts</td>
<td>Process impacts</td>
<td>PE impact</td>
<td>Partnership’s impact</td>
</tr>
</tbody>
</table>

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### 4.0 The Sustainability Services Marketing Matrix

The firm’s service offering, and its environmental and social footprint, will vary across service sectors and service type classifications, for example, its level of tangibility (Bateson, 1979). As one example of how the service product can be more environmentally sustainable, consider Pinehurst No. 2 golf course, which hosted the 2014 US Open. During a recent restoration of the course, around 40 acres of Bermuda grass was removed, allowing the course to use roughly 40% of the water it did previously, the need to mow less grass, and use less fertiliser. The course also uses moisture meters, allowing it to further save on water usage when it is not required (United States Golf Association, 2014).

**Profit:** The cost to the consumer for the firm’s service may not include the cost to the environment or society at large of impacts of the service delivery. Often, the cost to public goods is simply not factored into the firm’s cost calculation, or a price that does include such costs might be offered to consumers on a voluntary opt-in basis. Airlines offering passengers the option to carbon-offset their flight by paying a supplementary fee is one opt-in example. **Promotion:** The mix of marketing communication methods might move away from print and toward electronic, and/or ensure that brand messages are transparent and ethical, and demonstrate respect for community members. **Place:** The distribution or delivery systems of service firms are changing, often disruptively change, as illustrated by the internet’s impact on information, education and entertainment services, e.g. MOOCs offering alternatives to physical presence, and digitally-available music recordings and films.

**Process:** The procedures and flow of activities that describe how the service is assembled and delivered, offers considerable scope for sustainability improvement, often with immediate effect. One example is Duke Energy’s use of a sustainability filter to revise its method of starting up a natural-gas fired combustion turbine plant, saving fuel use, time and carbon emissions, and resulting in the development of a new start-up calculator that improved efficiency and saved $2m in just six months at one turbine station (Hopkins, 2011). IKEA’s early 2014 purchase of the Hoopestown wind farm, able to generate nearly 1.5 times the energy needed to operate all of the store’s U.S. operations, will reduce its carbon footprint as it does business (Meany, 2014). Facebook, Google, and WalMart are also investing heavily in renewable energy (Meany, 2014). **Physical evidence:** The tangible clues that assist consumers’ evaluations of products include elements of the servicescape, such as design and furnishing, employee appearance and communications. WalMart, the world’s largest retailer, is striving for 100% renewable energy to power its operations, and planned to generate solar energy at more than 130 of its Californian stores by 2012. The installation of photovoltaic cells on WalMart rooftops is a clear signal to stakeholders of the store’s renewable energy drive. San Francisco’s quest to have zero waste by 2020 is a process change that will have an...
Participation (used instead of people, as it was the term originally used by Booms and Bitner (1980) and it avoids confusion with the People pillar of the TBL) that is, the firm’s employees and customers in the service environment, play a part in service delivery and influence buyer perceptions (Zeithaml, et al., 2006). Participants highlights the role of both human resource and customer management, as key ingredients in service delivery. Employees should be committed to the sustainability ethos, and could contribute to innovation processes aimed at continuous sustainability performance improvement. Customers would be expected to participate in the firm’s pursuit of a more sustainable performance, but also, as might employees, become ambassadors for the brand or transfer learned sustainability practices to their daily lives. Customers might become service-logic innovators to capitalise on innovation as part of an overall firm strategy (Michel, Brown and Gallan, 2008). Open-source software development provides a model for how customer involvement might drive enhanced sustainability achievement. Well-managed employee and customer suggestion systems offer a similar opportunity. The concept of participation is also important from the perspective of service-dominant logic (Vargo and Lusch, 2004; 2008), as the focus of service interactions is shifted from value-in-exchange to value co-creation.

Partnership: For business, environmental issues are typically the province of outsiders and specialists (Porter and van der Linde, 1995). External expertise could be needed for services marketing managers to subject their decisions to life-cycle analysis, a scientific management tool for clarifying the inputs and outputs of processes and their effects on the environment (van der Vorst, Grafé-Buckens and Sheate, 1999), and for sustainability-service innovation. Partnership will significantly influence process, as well as the service product, and draws on recent advances in service science and bring a systems view to service design that draws on ideas from service management, design and engineering (Alter, 2008; Maglio and Spohrer, 2008). Collaboration with sustainability-enablers will be necessary to depart from ‘business as usual’. ‘Trailblazing’ banks are supporting renewable energy projects with significant funding in order to stimulate meaningful volumes in the marketplace (Hering, 2014). Harvard University Graduate School of Design’s 2012 joint launch of Envision, a holistic framework for evaluating and rating the community, environmental and economic benefits of all types and sizes of infrastructure projects helps ensure that civil engineers and planners do not miss opportunities to make a project more sustainable (Clark, 2014). Sustainability mavens often serve as beacons to others keen to follow suit: SAP extending free sustainability lessons to other businesses, based on its own experience, is one example (Weinreb, 2014). Service firms also benefit from third-party partners’ endorsements, for example, Rainforest Alliance, Fair Trade, White Swan and Fair Trade.

5.0 Discussion

Services marketing managers require a far more detailed consideration of sustainability issues as they interact with operational decisions. Our inductive framework is designed to deliver transparency and positive brand attitudes and stakeholder engagement. The examples provided illustrate just a few of the myriad ways services marketing managers might embrace sustainability across the SSMM, building upon our extended marketing mix that now includes the important element of Partnership. Consumers and other stakeholders are now looking to business to be more pro-social and pro-environmental, and demonstrating these in tangible, evidence-based ways. Sustainability offers firms the opportunity for differentiation from competitors, a competitive advantage based on innovation, and increased profits (Porter and Kramer, 2006), but it needs to be systematic, evidence-based and
transparent. The services marketing planning framework proposed here, a key part of which is the Sustainability Services Marketing Matrix, will help firms achieve these conditions. Further research might seek to apply the framework to individual service brands as empirical case studies.

References


Customer Resource Integration in an Online Context

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Abstract
Customer Resource Integration (CRI) is a concept that is newly emerging in service literature. The theoretical meaning and foundations underlying this concept remain underexplored in the literature to date. This study adopts a netnographic methodology to explore the nature and scope of CRI in an online environment. The findings reveal that customers draw on six major resources categories in an online context. This paper extends current conceptualisations for understanding the customer’s operant and operand resources in this context and proposes a new model for the integration of resources between customers.

Keywords: Customer resource integration, blogs, product reviews
Track: Services Marketing

Introduction
The influence of ICT-mediated communication on consumer and co-consumer resource integration is a viable avenue to explore given the proliferation of information and communication technology over the last ten years (Baron & Harris, 2008). Therefore exploring CRI in an online context can contribute to understanding resource integration in an ICT-mediated environment. This research provides two models for understanding CRI in an online context, specifically blogs.

Literature Review

Customer resource integration
The concept of customer resource integration (CRI) is a relatively new and emerging part of the Service-Dominant Logic (SDL). It only recently started receiving attention and as a result there is little literature to date concerning CRI. Although Baron and Harris (2008), use the word ‘consumer’, the definition underpinning this thesis for CRI uses the word ‘customer’ (Hibbert, Winkelhofer & Temerak, 2012). Therefore, consistent with Brodie, Hollebeek, Jurić, and Ilić (2011), the overarching term ‘customer’ is used to represent both the consumer and the customer.

Defining customer resource integration
The definition for CRI arises from the work of Hibbert et al. (2012) who appear to be the first to create a working definition thereof. Their definition arises out of works from consumer culture theory and service research (Arnould, 2005; Baron & Harris, 2008). CRI has been defined as “the processes by which customers deploy their resources as they undertake bundles of activities that create value directly or that will facilitate subsequent consumption/use from which they derive value” (Hibbert et al., 2012).

Classification of resources
A customer actively juggles a constantly changing set of roles across different situations. In order for a customer to achieve goals and accomplish life projects, they draw on different resources (Arnould, Price & Malshe, 2006). The literature to date classifies the ‘types’ of operant resources that customers integrate in order to provide an understanding of how
resources are integrated. The four main resources are physical (physical and mental endowment, emotion, energy and strength), social (family relationships, commercial relationships and consumer communities), cultural (skills and specialized knowledge, history and imagination) and economic (material objects and physical spaces) (Arnould, et al. 2006; Baron & Harris, 2010; Baron & Warnaby, 2011). For the purposes of this study, a specific focus on the resources listed by Baron and Harris (2008) was given priority over literature from other fields which may have expressed similar concepts or ideas.

Dimensions of customer resource integration
Baron and Harris (2008) acknowledge the vital role that customers have, not just for value creation activities for the benefit of the firm, but also for other customers. They begin to explain the importance of customer experiences and activities in creating value for other customers, not just firms. Two major dimensions of CRI that provide the greatest value to customers and firms are presented by Baron and Harris (2008). The first major dimension they develop is the idea of consuming and co-consuming (see Figure 1). They argue that resource integration operates at two levels. The first is at a personal level and the second is at an interpersonal level that involves other actors. The second major dimension is the role of the environment within CRI. The ‘endogenous environment’ (e.g. technology) provides opportunities for value creating and resource integrating rather than uncontrollable constraints (Lusch & Vargo, 2006).

Problem Orientation
There has been a lack of theoretical development that examines the processes that customers are involved with to become effective resource integrators (Hibbert et al., 2012). The aim of this research is to contribute to the under-researched role of customers as resource integrators, specifically the practices customer engage in, in an online environment (Baron & Harris, 2008; 2010). The main purpose of this study is to contribute to and build the SDL field by offering bridging theory to help understand CRI better. Based on the extant literature reviewed, CRI can be observed through examining a customer’s resource integration practices in blog-based product reviews. Therefore, the overarching research objective is to explore CRI in an online context. The specific research question is: How does CRI manifest in blog-based product reviews?

In order to answer this research question, the following objectives have been developed:

1. To determine the resources that customers draw on in blog-based product reviews.
2. To understand how customers use these resource categories in blog-based product reviews.
3. To explore the relevance of the customer-resource models presented by Arnould, Price and Malshe (2006) and Baron and Harris (2008) in blog-based product reviews.

Research approach
Netnography, was used as it enables researchers to utilise techniques similar to those of ethnography in order to analyse online communities in a systematic manner (Kozinets, 2002; Belz & Baumbach, 2010; Sandlin, 2007). By utilising abduction, middle-range theory that is informed by empirical findings of blog content and general theories in literature was developed (Brodie, Saren & Pels, 2011; Levin-Rozalis, 2008).

Research setting and observations
Product reviews on beauty blogs were selected as the research setting. With 35.8 million bloggers listed, as being a “beauty blog” (Google Blog Search, 2014), the beauty blogosphere has declared itself an important space for the circulation and production of beauty discourse
Beauty blogs have become a key source of information and interaction in the beauty and fashion industry (Ho, 2007). Theoretical sampling was used to purposefully select a rich sample in the initial stages (Coyne, 1997). The blogs that were incorporated into the analysis were based on five key elements which are length, interactivity, content type, user type and other factors that covered Kozinets’ (2002) criteria. The blogs selected for analysis covered a variety of elements to ensure a high level of quality in the data.

Thematic analysis was used by the researcher to examine the entire data set. The ultimate goal of thematic analysis is to uncover the patterns of meaning and the issues that exist in the data set (Braun & Clarke, 2006). The researcher used a six-phase approach to thematic analysis put forward by Braun and Clarke (2006) using NVivo 10 and Leximancer to aid analysis of data.

**Findings and Discussion**

The results reveal that bloggers draw on a number of resources when writing blog-based product reviews.

*The new customer’s operant and operand resources model*

From the findings, a new model can be created based on the initial customer’s operant and operand resources model set out by Arnould et al. (2006) is suggested. The new model uses the resource categories that emerged from the data to form a model that is suitable to an online context (See Figure 1).

![Figure 1. The new model for the customer’s operant and operand resources (adapted from Arnould et al., 2006).](image)

Firstly, there are two additional resource categories that have been added to the model: brand resources and online resources. Physical resources comprise of emotional resources alone hence are considered emotional resources. Secondly, the results revealed differences in the individual deconstruction of each resource category. Thirdly, the customer’s life goals can be adjusted to reflect their motivations for conducting the product review. The model shows that a customer juggles their motivations for product trial and review by drawing on the operant resources (brand, cultural, online, physical, and social) and operand resources (economic). They integrate these resources in order to co-create or generate value. This section will...
discuss the resource categories identified in the new customer’s operant and operand resources model. Table 1 illustrates data representing each category.

### Brand resources
The brand resource is a new category added to the initial model put forward by Arnould et al. (2006). This category is one of the most significant contributions of this thesis to the literature and the amended model can be seen below. There are two main types of brands that appear on the blog-based product reviews - a product brand (bloggers express information relating to product brand experiences and brand opinion) and a personal brand (individuals express key attributes and construct a personal brand statement based on these attributes).

<table>
<thead>
<tr>
<th>Resource category</th>
<th>Components of each resource category</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Brand resources</strong></td>
<td>Product brand resources</td>
<td><em>When I purchased this product the first turnoff for me was the selection of colours. None of them to be honest pleased my eye that way (Blog 13).</em></td>
</tr>
<tr>
<td></td>
<td>Personal brand resources</td>
<td><em>Red shades are for the adventurous and sexy, both of which I’m not. Ha-ha! I know iconic red shades are all the rage this spring. However, I just find them too vava-voom for me (Blog 21).</em></td>
</tr>
<tr>
<td><strong>Cultural resources</strong></td>
<td>Experiential-knowledge-based cultural resources</td>
<td><em>I applied after my usual skin care routine, waited around 10 minutes for it to settle properly and applied my foundation and concealer (Blog 33).</em></td>
</tr>
<tr>
<td></td>
<td>Idea-context-based cultural resources</td>
<td><em>I already own BeneFit’s they’re real mascara as I got it with my ELLE magazine last month (Blog 9).</em></td>
</tr>
<tr>
<td><strong>Economic resources</strong></td>
<td>Material objects</td>
<td>Mascara (Blog 9)</td>
</tr>
<tr>
<td></td>
<td>Voucher or discount reference</td>
<td><em>I was provided with a discount code for Unique Looks; however the product I chose was completely up to me and I got to experience their service first hand (Blog 6).</em></td>
</tr>
<tr>
<td><strong>Online resources</strong></td>
<td>Corporate online resources</td>
<td>corporate websites</td>
</tr>
<tr>
<td></td>
<td>Personal online resources</td>
<td>Want to get in touch? Feel free to drop me an email (Blog 9), and like the Kiss &amp; Make-up Facebook page (Blog 26).</td>
</tr>
<tr>
<td><strong>Emotional resources</strong></td>
<td>Emotion</td>
<td><em>I used this with Guerlain Parure Extreme foundation which is waterproof and it streaked and looked horrendous (Blog 7).</em></td>
</tr>
<tr>
<td><strong>Social resources</strong></td>
<td>Relationship with readership</td>
<td><em>Have any of you tried They’re Real!? Thoughts? What are some of your favourite mascaras for serious curl and volume? (Blog 34).</em></td>
</tr>
<tr>
<td></td>
<td>Relationship with corporate, brand or firm</td>
<td><em>Sadly, the Chanel Les Tissages de Chanel Blush Duos appear to have been discontinued by Chanel- and they are quickly disappearing from the marketplace (and have been on the discontinued page of Chanel’s website for a while) (Blog 18).</em></td>
</tr>
<tr>
<td></td>
<td>Relationship to brand communities and consumer tribes/subcultures</td>
<td><em>I was in Sephora the other day when my eye caught a display of Dr.Jart+ BB Creams. I had never tried any products from this brand, and</em></td>
</tr>
</tbody>
</table>
quickly looked up reviews on my phone to read the general beauty community consensus on them (Blog 3) or: This was recommended to me by another blogger (Blog 11).

Relationship with industry

"BB" is a huge trend right now, so every company is trying to formulate a product they can use that name on to drive sales. As a result, a lot of people have tried what they think are BB creams, when in fact they are tinted moisturisers in disguise (Blog 3).

Table 1: Examples of data for resource categories

| Cultural resources | Cultural resources play a large role in CRI and are one of the most fundamental resources that a customer will draw on. The cultural resources can be divided into experiential-knowledge-based cultural resources (centred on how a direct product experience for an individual contributes to their process of making meaning) and idea-context-based cultural resources (draws on the expertise and skills of the blogger relating to the beauty and fashion industry). |
| Economic resources | The findings suggest that material objects are the most obvious form of economic resources that are being integrated on the blog-based product reviews. From the findings of this study these exchanges or acquisitions arise from two main sources: the blogger who actively seeks a product or the marketer themselves. In the case of an exchange driven by the blogger, the individual has a personal motivation to attain the product and trial it. In addition, there was evidence of discount codes and references provided. |
| Online resources | Online spaces are the areas in which users are in a state of connectivity with others (Markham, 1998). The customer has control over how they incorporate this space into their resource integration processes; it may be partial control or full control (Arnould et al., 2006). There were two main types of online resources; corporate online resources (online resources offered by organisations and other actors in the network) and personal online resources (online resources that involve touch points between themselves and other actors). |
| Emotional resources | In the emotional resource category it was revealed that emotions are crucial to a product review as they reveal the inner-most feelings of a blogger regarding a particular topic and express elements of one’s identity. |
| Social resources | The results revealed that emergent groupings play a larger role than traditional demographic groupings in the social resource category. The relationship a blogger has with readers, a firm, blogging community, brand community or consumer tribe/subculture, industry and friendship groups were all social resources that were drawn on in the CRI processes that the blogger engages in. A possible explanation for these relationships may be that the nature of social media vehicles, such as blogs, creates a place where CRI can occur with a much larger and diverse group of actors. The literature supports the claim that technology and social media enhance these social interactions amongst actors (Arnould et al., 2006). |
**The new model of integrating resources - consuming and co-creating**

The findings reveal that a new model can be created based on the initial model for integrating resources through consumption set out by Arnould et al. (2006). The new model uses the resource categories that emerged from the data to form a model that is suitable to an online context. Figure 2 illustrates the Baron and Harris (2008) model and the new model that this study proposes. Firstly, the new model combines both operant and operand resources used in a customer’s resource integration processes rather than just the operant resources. Secondly, there are two additional resource categories that have been added to the model: brand resources and online resources. Thirdly, the resource integration processes of an individual customer can be represented by the larger arrow on the outer edge of the circle in the new model, rather than the double-headed arrow within the circle of the old model. This outer arrow is due to the overlap and intertwined nature of the resource categories which will be discussed later.

**Explanation of new model for integrating resources**

The social resource category provides evidence for a starting point of understanding C2C exchanges. Baron and Harris (2008) support the idea that exchanges occur between multiple actors by offering a model that depicts the relationship of consumption and co-consumption between customers. The model shows how consumption processes take place by only looking at the operant resources that are used by these consumers. However, based on the resource category findings of this study, it is possible to provide a model inclusive of both operant and operand resources. This new model illustrates how resources are integrated within a customer and between customers in an online context.

**Complexities of new model for integrating resources**

Bloggers were able to carry out the resource integration process by drawing together different resources. These resources are sometimes linked and overlap with each other. In some cases, resources reinforced one another. The change in direction of the arrow is based on the finding that the resource categories overlap and inform one another, rather than exist as discrete units. For example, one blogger mentioned that they appreciate when the company is clear about the ingredients in a product and is pleased when she can understand what the ingredients are. This illustrates that the blogger appreciates transparency regarding the product and also relates to her personal brand as she is making a statement about what she likes and what is important to her.

![Figure 2. The new model: integrating resources – consuming and co-creating (adapted from Baron and Harris, 2008).](image-url)
Conclusion
This study has offered insight into understanding CRI in an online context. CRI manifests itself in blog-based product reviews through six resource categories – brand, cultural, economic, online, physical and social. The integration of these six resource categories, by a customer, enables them to gain and co-create value. In addition, this study shows that the resource categories overlap with one another and presents two models for understanding CRI in an online context. The first model proposed in this thesis illustrates the customer’s operand and operant resources and the second model illustrates how resources are integrated through the process of consumption and co-creation between multiple actors.

References
SERVICE MARKETING ABSTRACTS
Internet Service Providers’ Service Quality and its Effect on Customer Loyalty

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Abstract

This research aims to investigate the antecedents to attitudinal and behavioural loyalty of Internet services customers. This study also examines the relationships among relevant service quality dimensions of Internet service providers (ISP) and their customers’ perceived value, trust, satisfaction and commitment. The exogenous constructs of the conceptual model include influential factors such as network quality, customer service, information support, and security. The endogenous constructs include cognitive and affective determinants such as customers’ trust, satisfaction, commitment, value, attitudinal loyalty and behavioural loyalty. Data will be collected from residential Internet users in Thailand. The contribution of the present paper stems from the simultaneous modelling of a range of mediation effects which can better help explain the impact of service quality dimensions on customers’ cognitive and affective evaluations in the high-tech service setting.

Key words: attitudinal loyalty, behavioural loyalty, services marketing, service quality, Internet Service Providers (ISP).

Track: Services Marketing
How Can We Retain Customers of Varying Usage Patterns? - The Case of an Internet Service Provider

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Abstract

This research aims to explore the characteristics of customers of a Thai Internet Service Provider (ISP). It aims to provide a holistic picture of ISP subscribers and enable more customer-focused market strategies. Data was obtained from 2,059 Internet users who resided in all of the major regions of Thailand via an online survey. This study identified three major groups of ISP customers based on their Internet usage: light users, medium users and heavy users. Apart from the differences in the demographic profiles of the three segments, the findings show that heavy users are more aggressive than the rest in responding to service failures as well as evaluating aspects of an ISP’s service quality. The possibility of complaining to other customers or even switching to other service providers is also higher for heavy users as compared to light or medium users. Motivations behind the behaviour of each segment are also discussed.

Keywords: Customer Retention, Behavioural Intentions, Segmentation, Internet Service Provider, High-Tech Services, Thailand.

Track: Services Marketing
Customer Engagement: A Dynamic Stakeholder Perspective

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Abstract

After generating significant initial practitioner interest, the ‘customer engagement’ (CE) concept is rapidly transpiring in the academic service marketing literature. Although pioneering research has provided foundational insights in this emerging area little systematic, multi-perspective research has been undertaken, which conceptualises CE. This paper provides insights into this area by drawing on consumer, managerial and academic experts’ conceptions of the term obtained through open-ended e-mail surveys. Based on this analysis a CE conceptualisation is developed, which may be used to guide further research in this emerging area. The paper concludes with an overview of research limitations and implications for service research.

Keywords: Customer engagement, brands, consumers, managers, conceptual model

Track: Services Marketing
Casino Members/Non-Members’ Service Quality Perceptions and Their Loyalty

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Abstract

The current investigation is undertaken in Macau casinos and explores the relationship between service quality and loyalty of casino members and non-members with a focus on gamblers from the mainland China. The results indicate that service quality explains significant variance in gambler attitudinal loyalty but not behavioral loyalty for casino members and non-members. In particular, service delivery contributes substantially to gambler attitudinal loyalty. Surprisingly, non-members report higher level of service quality perceptions and are more likely to act as referral for the casino and to spread positive word-of-mouth communications; whereas members do appear to patronize the casino more frequently and to play longer in the casino of their first choice during their visit in Macau. Implications of these findings are provided for practitioners and researchers.

Key words: Casino service quality, loyalty program, membership, Chinese gamblers

Track: Services marketing
Relationship Communication in B2C Service Relationships

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Abstract

Communication is an important aspect of customer relationship management. Despite its significance in understanding and fulfilling customer needs, prior studies in relationship marketing have largely ignored its central role in fostering relationship continuance. Building on the existing literature, this paper conceptualizes relationship communication as a higher-order factor consisting of cognitive, affective, and behavioral elements of clarity, pleasantness, responsiveness, and language. Findings demonstrate convergent, discriminant and predictive validity, where the four factors represented a higher-order relationship communication construct. This study extends our understanding of the relationship communication. Moreover, it provides an understanding of the customer perception of firm’s communication and thus enables the firm in evaluating and designing an effective marketing communication strategy for developing a long-term customer relationship.

Keywords: Relationship communication, Commitment, Trust, PLS Path Modeling, Higher-order Path Models

Track: Services Marketing
How Can Banks Use Social Media to Gain Value?

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Abstract

The purpose of this paper is to investigate consumer perceptions of value for financial institutions using social media, and if perceived value predicts a consumer's intention to adopt the innovation and their self-reported usage behaviour. Self-administered surveys were run using a panel data sample. Data were analysed using multiple and mediated regressions. Perceived usefulness, economic value, and social value predicted overall perceived value, which in turn predicted intention to adopt the service innovation. The implications of our research highlight the importance of perceived value in the role of adoption intention. Our findings suggest that consumers will use social media if the sector creates and clearly articulates consumer value from using social media. This paper is one of the first to investigate the consumer’s perspective in social media adoption by financial institutions, by exploring the role of value in consumer adoption and usage of social media.

Keywords: social media, financial services, perceived value, intention, behaviour

Track: Services Marketing
What Motivates Consumers to Co-Create? Comparing Professional and Generic Services

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Abstract

Consumers are increasingly expected to invest their own resources, time and energy into co-creating value with service providers. Our study aims to investigate the motives that drive consumer willingness to co-create by comparing the relative importance of six motives across professional and generic services. Our results show that consumers asked to co-create with a professional service firm are positively influenced by developmental motives, and negatively by empowerment motives. In contrast, consumers asked to co-create with a generic service are driven by individualizing and relating motives. We show how motives driving consumer willingness to co-create are influenced by knowledge intensity and workforce professionalism. In addition we show the positive impact of willingness to co-create on passive and active co-creation behaviours. We aim to open the way for a more contextual understanding of value co-creation from a consumer perspective.

Keywords: willingness to co-create, professional services, generic services, consumer motives

Track: Services marketing
Consumer Construal of Spatial and Temporal Separation in Virtual Services

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Abstract

Service encounters are becoming increasingly virtualised through the infusion of computer-mediated technologies. Inherent to the breakdown of the IHIP paradigm is the need to theoretically explain how service separability is psychologically perceived by consumers across the spectrum of computer-mediated technologies used in virtual services. Drawing on construal-level theory, we develop a theoretical framework for consumer’s construal of spatial and temporal separation across increasing levels of technologically-mediated service virtuality. We propose that spatial separation is greatest for consumers using self-service technologies (ATMs, self-service checkouts), compared to virtual services that retain providers, albeit virtually (e.g., telemedicine, MOOCs). Temporal separation moderates consumers’ perceptions of spatial separation based on whether consumer interactions are via synchronous (live chat functions online) or asynchronous (e.g., email) computer-mediated technologies. We contribute to the growing literatures on construal-level theory, service separability, and self-service technologies.

Keywords: service separation, virtual services, self-service technologies, construal-level theory

Track: Services Marketing
When do customers engage with a company? - A qualitative and quantitative study of reasons for customer engagement

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Abstract

In today’s highly dynamic and interactive business environment, the role of “customer engagement” (CE) in co-creating customer experience and customer value is receiving increasing attention from organizations and academics alike. Despite this interest, systematic research into the concept and its antecedents has been limited to date. This article conducts two large empirical studies to explore reasons for CE. Seven essential antecedents of CE are derived from this analysis. They can be divided into the following three categories: customer-based antecedents of CE (company familiarity and attitude towards the company), company-based influencing factors (company awareness, corporate image, and perceived ease of use), and context-based reasons for CE (social norms and perceived critical mass). The results of this study also provide issues for further research.

Keywords: customer engagement, interactive co-creative experiences, conceptualization, antecedents, qualitative and quantitative study

Track: Services Marketing
Does Relationship Strength Matter? Empirical Evidence from an Emerging Economy

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Abstract

A closer look at the extant literature of service research reveals an ongoing debate about the relative importance of process value over outcome value in the assessment of service delivery. This study advances this literature by investigating and comparing the effects of process value and outcome value on affective and cognitive relationship strength. From the analysis of a sample including 178 customers of a large transportation and logistics company, the results demonstrate that process value imposes a larger effect on both affective and cognitive relationship strength than that of outcome value. Furthermore, cognitive strength is a stronger determinant of both attitudinal and behavioral loyalty of customers than affective strength. From these findings, some important implications have been drawn for managers, which help them to invest more effectively into customer relationships and turn these relationships into sustainable loyalty.

Keywords: Relationship Strength, Process Value, Outcome Value, Customer Loyalty

Track: Services Marketing

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Abstract

Customer participation is often overlooked by marketing practitioners in favour of word-of-mouth (WOM), despite the fact that listening to customers’ needs is a fundamental, must-do thing. While prior research has mainly focused on the satisfaction-loyalty-WOM linkage, recent studies recommend that customer satisfaction is not always a reliable indicator of WOM. Drawing upon social identity theory and self-categorization theory, we develop a multilevel conceptual framework and propose two key theoretical conjectures. First, both customer participation and inter-customer support have positive impact on word-of-mouth. Second, these effects are contingent on customer orientation and customer-company identification.

Keywords: Customer Participation, Inter-customer Support, Customer-company Identification, Word-of-Mouth, Hierarchical Linear Modelling

Track: Services Marketing
Trust in International Health Services Marketing: 
A Six Country Comparative Study

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Abstract

We focus on trust development while marketing a Swedish health service in Egypt, Brazil, China, Hong Kong, Philippines and Russia. Qualitative data have been collected in the form of semi-structured interviews, direct observation and written sources of company information. The findings reveal that trust is built at three levels; country level, company level and individual level. Country of service origin creates initial country level trust. Company level trust is enhanced though training of employees, service quality and customer support. Trust at individual level depends on the company local representatives’ experience, competence and their business relationships and networks. The research contributes to the international services marketing literature proposing a model of trust building at three levels to enhance relationships and development of marketing strategy.

Keywords: Cultural context, Trust levels, Relationships, Marketing Strategy, Elekta.

Track: Services Marketing
In pursuit of service excellence: The role of psychological contracts and organisational identification

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Abstract

Services marketing research has overlooked the extent to which service employees’ perception of the employment relationship may influence their customer service behaviours. Drawing upon psychological contract and social identity theories, we propose a theoretical model that links two types of psychological contracts (relational vs. transactional psychological contracts) with organizational identification, which in turn impacts service-oriented in-role performance and organizational citizenship behaviors. Data from 199 matched frontline employee-coworker-supervisor triads in hotels in the Philippines suggest that transactional psychological contracts were directly and negatively associated with supervisor-reported service-oriented in-role performance and co-worker reported service-oriented citizenship behaviors. On the other hand, the relationship between relational psychological contracts and both types of service-oriented behaviors were positive and partially mediated by organizational identification. Our findings have important implications for service providers, highlighting the importance of human resource practices and internal marketing activities in facilitating the delivery of high quality service.

Keywords: organisational identification, in-role performance, citizenship behaviours

Track: Service Marketing
A Design Perspective on Customer Co-Creation

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Abstract

In this paper, we integrate literature on service-dominant logic (SDL) and innovation to examine the role of designers and their practices for collaborative resource innovation. More specifically, in taking a co-creation perspective we uncover a portfolio of practices that facilitate resource integration and innovation among companies and customers through the help of design professionals. In doing so, we advance our theoretical and managerial understanding of efficient and effective collaboration for innovation purposes. We adopted a qualitative research approach to collect empirical data on designers’ practices, studying seven projects in which design consultancy firms were hired to provide strategic support in the development of new products or services (n=36 interviews in total). Our results show that designers engage in various practices for successful innovation co-creation: scouting, bonding, discovering, story-making, condensing, animating, representing and aligning. These practices are essential for optimizing the role of customers as potential co-innovators.

Keywords: co-creation, service-dominant logic, design, resource integration

Track: Services Marketing
The Impact of Humour in Service Encounters

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Abstract

Research on humour is a multi-disciplinary field of research, with scholars from biology, psychology, linguistics, sociology and business trying to answer the question of why we laugh, and what impact laughing has in interpersonal interactions. Humour literature suggests that humour is an important driver of individual behaviour and interpersonal relationships. It may create an enjoyable interaction on the one hand, but it can also cause discomfort when it is misunderstood or perceived as inappropriate. However, these insights have only been applied sparingly to service research and practice. In this paper, we explore the humour literature and link its applicability to service encounters. We put forward a conceptual model and research propositions to connect humour usage to service encounter outcomes for the customer (enjoyable interaction) and employee (well-being).

Keywords: humour, well-being, enjoyable interaction

Track: Services Marketing
Making a Comeback: Organisational Recovery from Negative Online Consumer Impressions

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Abstract

The widespread availability of company information through sources such as company websites and customer review pages pose enormous challenges for organisations to instil positive impressions amongst potential consumers. This research employs a cue diagnosticity approach to examine consumers’ impression formation based on quality- and environmental responsibility-related information of a hotel in the form of (official) hotel rating and customer reviews. Furthermore, this study also examines whether an organisational response to a negative information can restore potential customers’ judgment about the company. By undertaking a scenario-based experiment, this study revealed that principles in organisational impression formation are different to its interpersonal counterpart. In particular, quality-related (compared to an environmental responsibility-related) information is more diagnostic and thus, creates a negativity bias in customers’ impression formation. When responding to negative reviews, companies can “make a comeback”, however, managers need to employ different strategies across the two domains.

Keywords: impression formation, cue diagnosticity, online reviews, recovery

Track: Services Marketing
CRM Success for bank: The role of integrated customer relationship management and relationship maintenance.

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Abstract

Managing customer relationship in an integrated way is highly required for the success of the banks since mere focus on technology results in unsatisfactory performance. To date few researches shed light on the integrated aspect of customer relationship management. This study investigates what factors directly and indirectly influence CRM success. The present study considers Resource-based view in developing CRM success framework. A Qualitative research approach has been taken where eleven relationship managers of different banks have been interviewed. To identify the factors with their associated variables and to further develop a research model content analysis techniques have been utilized. The results of the interviews identified nineteen major variables affecting CRM success. This paper also highlights the research and managerial implications of the model.

Keywords: Integrated customer relationship management, Relationship Maintenance, CRM success, Bank

Track: Service Marketing
An Examination of Customer Engagement and its State of Play

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Abstract

Brand or customer engagement (CE), is one of the key dynamic concepts within marketing literature that facilitate the co-creation of value. Customer engagement can be defined as a cognitive, emotional and behavioural state in which individual stakeholders experience dynamic interactions with a firm/brand/organisational locus (Brodie et al., 2010). We offer a review of the current literature of its conceptualisation, operationalisation and suggested nomological network. We also highlight a number of potential considerations for future empirical research that will improve our understanding of the drivers of customer engagement and its temporal state and iterative effects.

Keywords: customer and brand engagement, relationship marketing, co-creation

Track: Services Marketing
A Conceptualisation of Ownership of Value Initiation (OVI) in Service Co-Creation

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Abstract

Research on Service Dominant Logic asserts the importance of identifying value initiators for driving value co-creation. In this conceptual paper, we propose a co-creation construct termed Ownership of Value Initiation (OVI). Based on the psychological ownership concept, OVI supports the tenets of “service for service” of Service Dominant Logic. Theoretically, it consists of two dimensions of entitlement and empowerment and is a positively- and negatively valence concept. Representing the psychological state of competent and willing actors who actively co-create value, OVI is important for new marketing phenomena such as collective consumptions and crowdsourcing to better understand contributory behaviours of customers. As a co-creation concept, OVI addresses gaps in the services marketing literature by acknowledging the effort and routes in which actors invest time, effort, experiences, and resources to better service outcomes.

Keywords: co-creation, value initiation, psychological ownership, entitlement, empowerment

Track: Services Marketing
Knowing When to Worry: Modelling Customer Retention in Subscription Based Services

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Abstract

The paper examines the longitudinal effects of various observable variables such as demographics, transactional data, service encounter that might influence customer retention. While some explanatory variables have been included previously to model customer retention, several have not. The research therefore allows us to test the robustness of previous modeling exercises, as well test the usefulness of number of new explanatory variables. The research is drawn to a Proportional Hazard Model (PHM), which is uniquely suited for duration model as it can handle censored observation and time varying variables. The data used in this research is from a telecommunication service firm offering subscription based voice, Internet, high-speed broadband services. The research reveals that several explanatory variables such as usage, service failure, and service recovery are positively associated with customer retention. The findings have practical implications as it allows the firm to measure retention directly and develop strategies to counter customer defection.

Keywords: customer retention, defection, modeling, service experience

Track: Service Marketing
The Impact of Communication Style on Psychological Comfort
In a Professional Consumer Services Context: An East-West Culture Perspective

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Abstract

Encountering professional services (e.g. legal, medical, financial services) could be difficult for consumer clients due to their lack of technical knowledge. It is therefore essential for the service providers to employ communication styles that secure the clients’ confidence and reduce anxiety. This highlights the importance of client psychological comfort. Studies of comfort in relation to professional service communications have been scant despite its notable role on the clients’ evaluation of service encounters. This paper aims to theoretically address the effect of professional consumer service provider’s communication style on client psychological comfort by taking into consideration contingency factors – i.e., self-efficacy, service criticality, and national culture. Through a proposed theoretical framework, the research propositions will provide professional service providers with an understanding of appropriate communication styles that build their client psychological comfort, and subsequently offer a positive service experience under different client and situational characteristics.

Keywords: communication style, psychological comfort, professional services

Track: Services Marketing
Dinner or Music: Which Events Enhance Customer Brand Engagement?

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Abstract

A Branded Marketing Event (BME) is an experiential activity that requires customers to participate and interact in brand-centric activities during the event, and therefore are an effective tool to drive customer brand engagement. This paper examines the relationship between the cognitive, emotional, sensorial, pragmatic and relational experiential components of a BME, and their impact on customer event engagement and customer brand engagement. While most dimensions impacted on event engagement, only cognitive experiences were found to directly impact on customer brand engagement. However, customer event engagement was strongly related to customer brand engagement and ultimately impacted indirectly on purchase intentions. The transference of engagement from the focal event to the brand was stronger in events with brand-centric, rather than brand Peripheral event experiences - indicating dinner events were more effective than music events for enhancing customer brand engagement in a wine brand context.

Keywords: customer engagement, branded marketing event experiences, brand centricity.

Track: Services Marketing
The Impact of Internal Marketing on Organizational Commitment: The Mediating Roles of Customer Orientation and Internal Communication

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Abstract

Internal marketing is growing in importance recently with its association with positive employee behavior. However, relatively little empirical research is conducted for non-profit organizations. The purpose of this study is to investigate the effect of internal marketing on organizational commitment incorporating two mediators namely customer orientation and internal communication. Results shown that there is a direct positive relationship between internal marketing and organizational commitment, but the mediation effects are not significant. Results of the study indicate that educational institutions should instill internal marketing concept into the management strategy in order to improve organizational commitment among employees.

Keywords: internal marketing, organizational commitment, customer orientation, internal communication

Track: Services Marketing
Service Employee Improvisation: Construct and Antecedent Conditions

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Abstract

With the co-creation of value being touted as the ‘next frontier’ in competitive advantage (Bendapudi & Leone, 2003) many firms are encouraging the trend towards customer participation. What has been largely overlooked thus far however is that the frontline service employee may in fact experience an increase in their role stress due to the inherent uncertainty that accompanies customer participation. Thus, despite the potential uplift to customer satisfaction, customer participation can also result in negative outcomes for the employee if not managed properly. The concept of service employee improvisation is proposed as a coping strategy both to augment the favourable effects of customer participation for the customer and the firm while at the same time offsetting the potential negative effect on the employee. To first build a case for improvisation this paper proposes and explores potential antecedent conditions necessary for improvisation to occur, including employee capabilities and organisational structure.

Keywords: Improvisation, customer participation, frontline service employees, role stress, coping

Track: Services Marketing
Servitization Processes and the Need for Managing Ambidexterity

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Abstract

An increased focus on servitization involves ambidextrous challenges – firms need to manage explorative and exploitative service activities simultaneously. Whereas existing literature emphasises the need for organisational separation of service activities, fewer studies address the challenges around managing and organising for different types of service offerings. This paper integrates servitization research with more general management theories on ambidexterity and draws on a longitudinal case study of an industrial manufacturer managing servitization processes. As such, this paper identifies important elements of organisational separation and integration. More specifically, we identify challenges related to the integration of explorative and exploitative service activities, and identify challenges related to the following dimensions: (1) goal setting, (2) timing, (3) tensions, (4) endurance, and (5) magnitude of the integrated units. Furthermore, we discuss servitization as a dynamic process and identify different service activities which were separated, combined, separated again, and finally integrated in the focal firm.

Key words: servitization processes, solutions, ambidextrous organisations

Track: Services Marketing
Conceptualising Co-creation as an Orientation

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Abstract

The topic of co-creation has attracted significant research interest, but there remains considerable confusion about distinguishing co-creation from related concepts. As a result much research remains unhelpful in developing theory and providing managerially relevant insights. In this paper the authors conceptualise co-creation as an orientation. Here, co-creation is described as a broad learning philosophy with knowledge structures that assist in identifying, managing and implementing understanding about co-creation throughout the organisation. A firm that adopts a co-creation orientation as a competitive strategy relies less on specific discrete co-creation activities, focusing more on a holistic approach embracing knowledge that is assimilated and shared in an organisation. Using a case illustration of Burberry Group plc, the luxury retailer, the authors identify how a co-creation orientation assists the company in developing a capability to co-create. This capability includes coordinating the effective use of resources that are integrated with other actors during co-creation activities.

Keywords: co-creation, orientation, learning, Burberry Group plc.

Track: Services Marketing
Broadening the Concept of Brand Engagement in S-D Logic Perspective

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Abstract

Central to the service-centric perspective is development and understanding of the processes that reinforce consumer interactions with brands that co-create value-in-use. As researchers endeavoured to understand these processes, the concept of brand engagement (BE) has emerged within the Service-Dominant (S-D) logic literature. Informed by recent developments of the inter-subjective orientation of value co-creation, this paper broadens our understanding of how consumers engage with brands by conceptualising the hermeneutic framework of BE. In doing so, we offer a novel perspective that recognises the phenomenological nature of consumer experiences, and shows how to meaningfully link these experiences to the socially-constructed practices of BE using co-constituting lenses of value-in-use.

Keywords: brand engagement, hermeneutics, S-D logic, practices, experiences, value-in-use

Track: Services Marketing
Offshoring of B2B Accounting Services: An Exploration of Customer Resistance

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Abstract

Corporate offshoring refers to the practice of firms moving business activities beyond the borders of their countries to perform functions that otherwise could be done in the home country (Bunyaratavej et al. 2011; Grappi et al. 2013). While prior to the turn of the century, offshoring was mostly confined to the manufacturing sector, offshore services have emerged as a dynamic global sector over the past two decades, driven by the rise of information and communication technologies and the international tradability of services. While much attention has focused on the benefits (e.g. cost savings, increased productivity), less attention has been paid to the negative effects of offshoring business services on the provider-client relationship. Based on moral theory, status quo bias theory, and literature on innovation resistance, this paper investigates customers’ objections to offshoring credence services in a business-to-business context. The paper develops a conceptual framework and expected contributions will be discussed.

*Keywords: Service offshoring, accounting, business services, business-to-business, resistance

Track: Services Marketing
A Cross-Cultural Study of Service Climate Formation in Frontline Service Employees

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Abstract

While service climate research established a clear picture of how a strong service climate leads to positive outcomes for service providers and their customers cross cultures, little is known about what drives service climate in different cultures. This paper examines differences in service climate perceptions and determinants in individualistic versus collectivist cultures. Quantitative data from frontline service employees in Australia and Vietnam suggests that job autonomy predominantly drives service climate in an individualistic culture, whereas team support dominates in a collectivist culture. Managers thus need to consider the cultural context when designing service employees’ jobs in cultivating a favourable service climate.

Keywords: service climate, cross-culture, service frontline employees

Track: Services Marketing
Examining Organizational and Cognitive Orientations on Over-Servicing Behaviors: A Comparison between Retail and Hospitality Employees

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Abstract

Studies show personality traits and organizational characteristics drive over-servicing behaviours. However, these perspectives do not acknowledge the cognitive orientations service employees adopt to interact with customers. This paper addresses this gap by investigating the relationship between two organizational characteristics (job autonomy and rules-based climate) and three cognitive orientations (perspective-taking, obliging, and avoiding styles) on over-servicing behaviours. Using an online survey methodology of 616 service workers in hospitality and retail industries and structural equation modelling (SEM) to analyse the data, the results show perspective-taking, obliging, and avoiding styles as significant predictors. Differences between the industries were also found.

Keywords: Over-servicing, Employees, Cognitive Orientation

Track: Services Marketing
How Consumers Cocreate Brand Meaning: Empirical Evidence from the Vietnamese Retail Banking Sector

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Abstract

It is increasingly being recognised that both firm and consumer adopt cocreative roles in the development of brand meaning. However, the process of brand meaning cocreation (BMCC) is still poorly understood. More needs to be known about the nature of the interactions between multiple market actors and how these contribute to the contextually influenced progressive nature of brand meaning. Using data from 23 depth interviews with consumers, we reveal four practices that are prevalent in a network of temporally and spatially dispersed interactions and resource integration within a process of BMCC. We also demonstrate how these practices are influenced by and embedded within context at the nano-, micro-, meso- and macro-levels. These diverse levels of context emerge as a consequence of interactions that transpire amongst multiple actors and contribute to collective and individually cocreated brand meaning (CCBM) as a coherent emotional and cognitive understanding.

Keywords: brand meaning, cocreation, practice theory

Track: Services Marketing
Identifying Causal Customer Engagement Effects Using an Experimental Design

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Abstract

In today’s technology driven, highly dynamic and interactive business environment, the role of ‘customer engagement’ (CE) in co-creating customer experience and value is receiving increasing attention from business practitioners and academics alike. While considerable academic attention has been given to customer experience in general (e.g. Verhoef et al., 2009) and CE (e.g. Van Doorn et al., 2010), there has been a lack of systematic scholarly inquiry into the dynamics characterizing CE and the specific factors driving change in different customers’ CE levels. Our study uses a unique quasi-experimental design in a multi-experiment setting, which allows to uncover causal effects of CE and other relational variables, like satisfaction, interaction and involvement. On a general level this study responds to the need for context related investigations in the area of social interactions and social media in marketing. Therefore we introduce a multi-country and multi-industry design.

Keywords: Customer Engagement, quasi experiment, social media, value-in-context

Track: Services Marketing
DISTRIBUTION
FULL PAPERS
Goodwill in Franchising- A Precursory Examination

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ABSTRACT

This conceptual paper explores the issue of goodwill in franchisee-operated businesses and discusses what it is, when it arises and why it needs to be identified. It takes into account goodwill approaches from an economic, legal and accounting perspective, while focusing on a specific concept of goodwill that often creates dissonance between franchisors and franchisees in resale or exit events. Whilst there is a paucity of research on this topic, this paper establishes reasons why goodwill generated in franchise businesses is different to other business models, and highlights the contractual triggers and regulatory motivations for its identification and valuation. Conclusions are therefore drawn as to the type of future research needed to address this controversial issue, and to provide guidance to existing and prospective franchisors when structuring their franchise agreements.

Keywords: Franchising, franchisee, franchisor, goodwill, franchising code
Track: Distribution

1. INTRODUCTION

Problem Statement
Franchise models comprise a blend of innovative structures that inevitably create contractual and relational complexities. Given that the issue of franchisee-operated business goodwill is one those complexities, we need to know exactly what is, when does it arise, and why it needs to be identified. Exit and resale events in franchising are often adversarial, affecting ten per cent of Australian franchisees (Frazer, Weaven, & Bodey, 2012). This problem exists because Australian franchisors typically retain the rights to goodwill generated by franchisees, which in turn affects a franchisee’s return on investment, thereby creating dissonance when a franchisee wishes to discontinue the franchise arrangement.

Research Objective and Research Questions
This paper aims to highlight the problems of goodwill in franchisee-operated businesses, in context of the Australian contractual and regulatory framework. In so doing, the following research questions arise with respect to franchisee-operated businesses:

1. What is goodwill?
2. Why is it different from independently-operated businesses?
3. When are goodwill related issues triggered?

Significance of the Research
This paper should contribute to new knowledge and stimulate interest in the development of economic models for the valuation of goodwill of franchisee-operated businesses. These models would serve as a valuable tool in matters such as, (a) due diligence investigations of franchisee-operated businesses engaged in mergers and acquisitions, (b) valuation of inheritance and wills, (c) valuation of business assets in
matrimonial disputes, (d) value-creation based executive compensation schemes, (e) identification of value drivers in growing businesses and, (f) strategic decision making as to whether to grow, merge, or divest.

_Theoretical Construct_

This paper deals with goodwill and its form, content, and value in context of franchisee-operated businesses. Given the theoretical nature of goodwill, for the purposes of this research, goodwill is the total value of future operating cash-flows of the business less the opportunity cost of net tangible assets employed in generating these cash-flows. In that context, goodwill is generated by business assets such as brand name, patents, and all other items of intellectual property.

2. LITERATURE REVIEW OF FRANCHISING AND FRANCHISE GOODWILL

**Franchising Background**

Franchising is well developed in Australia. It continues to grow at a high rate across major industries such as retail trade, accommodation and food as well as administration and support services (Frazier, Weaven, & Bodey, 2010). Presently, Australia boasts an estimated 1,180 homegrown business format systems with over 73,000 franchisees. Over 93 percent Australian franchisors are privately owned with only 5 publicly listed on the Australian Stock Exchange (Frazier, Weaven, & Bodey, 2010). Businesses operating in Australia through a franchise model are regulated mainly by the Competition and Consumer Act 2010 (CCA) formerly the Trade Practices Act 1974 (Cth), the Australian Consumer Law (ACL), the Australian Securities and Investments Commission Act 2001, and the Corporations Act 2001. The CCA represents the dominant law that prescribes the Franchising Code of Conduct (the Code) as a mandatory industry Code. As such, the CCA dominates the legal compliance regime of a franchise system, which in turn requires the franchisor and its franchisees to implement structured risk management practices.

**Franchise Contracts**

The franchise agreement in its purest form creates neither a master/servant, an employer/employee, nor an independent contracting relationship, which Van Tonder & McMullan (2010, p. 892) refer to as a “hybrid organisation” and Hoy, Stanworth, & Purdy (2000, p. 412) as a “quasi employee or independent venture owner.” Parties to franchise agreements are subject to economic risk (Brickley & Dark, 1987) and deal with intellectual property. Notably, the equivalency of a franchise to a transfer or a right or a license was considered in the Federal Court without any clear legal distinction being settled (Spencer, 2008). However, it could be argued that in the final analysis, the distinction lies more in the specifics, rather than the generalities of the contract, and measured by allocation of independence, risk, and incentives between the parties. The payment of an initial franchise fee and subsequent fees to the franchisor does not represent the purchase of a business by the franchisee but merely the right to replicate such a business. Whilst what a franchisee does may have the character of a business within the framework of the franchise system as a whole, it is still not the franchisee’s business. Having a mere legal right to conduct the business does not necessarily mean that the franchisee owns it. Put simply, what the franchisee enjoys is a contractual (finite), not a proprietary (infinite), right to the business.

**What Is Goodwill?**

According to Cathro (1996) goodwill may include imputed values for such intangibles as trademarks, brand names, patents, and all other benefits derived by its governance structure, which Schaeffer & Robins (2008) argue should be differentiated between those
that are protectable by law, i.e. patents and trademarks and those that are not, such as incentive and marketing systems. These authors further argue that unprotected intangibles carry more risk and uncertainty in common law, which may adversely affect their relative value. In the past, a number of Courts have commented upon the difficulty of prescribing a legal definition of goodwill, to the extent that no statutory definition exists in Australian law (Tregoning, 2010). This is most obvious in the minority decision of Judge Kirby in the 1998 High Court case of Commissioner of Taxation (Australia) v Murry where His Honour said, “...almost 100 years ago, the House of Lords in Muller’s case declared that goodwill was a thing very easy to describe, very difficult to define”. Indeed, these few simple words continue to pose an intellectual challenge for many (Cathro, 1996).

**The Economic Perspective**

As Parkman (1998) states, goodwill can only be measured prospectively according to the probabilistic future returns of the asset. By extension, an asset without a reasonable probability of generating future returns has no goodwill value. However, goodwill exists only in those assets that generate revenues in combination with other productive assets. In that sense, goodwill cannot be divided or autonomously attributed to discrete assets that form part of a revenue-generating organism (Beresford & Moseley, 1983). Whilst revenues are maximised by the efficient allocation of resources to individual assets, there is no guarantee that each asset will deliver commensurable returns. Despite the possibility of disproportionate returns amongst assets within the organism, when calculating goodwill those returns are proportionally and cooperatively represented.

**The Accounting Perspective**

The taxonomic essence of goodwill according to Australian standards relate to two broad concepts, that of future benefits and residually quantifiable assets. In context of accounting and statutory reporting, future benefits accrue to the firm in the form of the efficiency and effectiveness of its business operations (Nethercott & Hanlon, 2002); and more as an added-value and a super profit according to (Cathro, 1996). While there may be a *prima facie* appreciation for the simplicity of this concept, several complex finance, legal and marketing issues arise in arriving at an actual monetary value for this added-value. Conversely, the constitution of residually quantifiable assets is much easier to conceptualise and identify. It is everything a business owns or controls, to the exclusion of, assets that are capable of being readily identified and recorded (Nethercott & Hanlon, 2002). More specifically, Australian accounting standards specify patents, licenses, rights, and copyrights as identifiable intangibles that do not form part of a firm’s goodwill. In short, the accounting approach settles goodwill as being the difference between the sum of the values of identifiable assets employed in the business and the value of the business as a whole (Tregoning, 2010; Fernandez, 2007; Higson, 1998; Parkman, 1998; and Cathro, 1996).

**The Legal Perspective**

In a legal sense, the issue of goodwill arises mainly in assessing stamp duty and in relation to capital gains tax (Tregoning, 2010). The legal definition of goodwill is often sourced from Muller’s case10, “Goodwill regarded as property has no meaning except in connection with some trade, business, or calling. In that connection I understand the word to include whatever adds value to a business by reason of situation, name and reputation, connection, introduction to old customers, and agreed absence from competition, or any of

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10 IRC v Muller & Co’s Margarine Ltd [1901] Ac 213 per Lord MacNaghten, p. 223’
these things, and there may be others which do not occur to me. In this wide sense, goodwill is inseparable from the business to which it adds value and, in my opinion, exists where the business is carried on”.

On closer analysis of the above definition, it is evident that legal goodwill exists, as a matter of course, in any business that manifests the attributes to attract custom (Walpole, 2010; Nethercott & Hanlon, 2002; and Slater, 1995). However, when juxtaposed with the accounting view, it highlights a point of difference, in that goodwill for accounting purposes inheres in the business, if and only if, these attributes actually generate value. Furthermore, the economic notion that the goodwill of a business is one whole thing or inseparable from the business and is independent from its source is now settled jurisprudence in Australia (Tregoning, 2010). This now creates a bigger divide between legal and accounting goodwill in that, by definition the inseparability of goodwill from the business excludes the accounting approach to assessing goodwill by separating assets that are identifiable, from those that are not. The fact that these two mainstream approaches fundamentally differ is problematic (Nethercott & Hanlon, 2002) and can lead to goodwill valuations under each approach being incommensurable and antithetic.

**Goodwill in Franchising**

Applied to the franchising domain, Murry’s case *supra* means that an asset in the form of a grant of licence, while it may be the source of goodwill, is legally distinct from the goodwill of the business. This raises an important principle that generally distinguishes the standing of franchise owners from other forms of business ownerships, on the question of goodwill. A franchise agreement merely confers rights of use and ought not to be utilised to confer rights of ownership in relation to property, including intellectual property, that itself gives rise to goodwill. On that basis, the business and the goodwill of the business ought to belong to the franchisor. In Australia, goodwill is generally accepted and specifically mentioned in franchise agreements to belong to the franchisor, and belongs to system. This does not prejudice the franchisee, because as long as the franchisee has a right to participate in the system, on any balanced consideration, the franchisee is benefited by the system. The system, and all its components, must be protected under the franchise agreement both for legal and for best practice purposes. There is no room therefore, to confer any rights of ownership on the franchisee with regard to any components of the system. Consequently, it is difficult to see how the franchisee can separately accumulate any such rights or alternatively any material value in goodwill terms. Having said that, except where there has been a contractual infraction, the contention that franchisees ought not to have any proprietary rights to goodwill, should not attenuate any of their contractual and commercial entitlements to an exit payment or to compensation for any unexpired portion of a franchise grant on a resale-event.

3. **FRANCHISEES AND INDEPENDENT BUSINESSES**

Franchisees, as common law agents, are less independent and are different from other forms of business because they are created, governed, and terminated by contract; and retain an umbilical connection to their principal/franchisor for the duration of the franchise term (Sardy & Alon, 2007; and McCarthy, 2004). The goodwill differences between the two business models can be summed up in five ways. Firstly, the goodwill value of a franchise business is a function of the value generated by franchisor’s and the franchisee’s business. Conversely, goodwill value in an independently owned business vests in the proprietor alone. Secondly, in independent businesses, the value of goodwill in a resale-
event is determined between purchaser and vendor, unlike the involvement of the franchisor in a franchise transaction, where in some circumstances, the franchisor selects the purchaser and sets a floor or ceiling (interferes with equilibrium pricing) for a transfer price in order to protect the system (Schaeffer & Ogulnick, 2008). Thirdly, franchise goodwill value is limited to the term of the franchise grant as compared to the indeterminacy of that of an independent business, where goodwill exists in perpetuum subject to profitability, site ownership, or control. Fourthly, franchisees only have custodianship over their customers unlike independent businesses who enjoy unfettered customer ownership. Lastly, putative goodwill in franchises is generally contractually ascribed to the franchisor unlike the proprietor of the independent business who owns all of the goodwill attached to the business.

4. GOODWILL VALUATION

Contractual Triggers for Goodwill Valuation

In response to a Parliamentary Joint Committee on Corporations and Financial Services, the Commonwealth Government identified the need for market valuation of a franchise business at various stages of the franchise relationship by measuring ‘equity in the value of the business as a going concern’, which reinforces the importance of the initial term and renewal rights in a franchise investment. The term of the initial grant, the renewal rights and any unexpired portion of either the initial or the renewed term are factors that singularly or conjointly affect goodwill. This is because each exit or resale event creates divergent operational and contractual issues relating to the term of the franchise grant, the term of leasehold site (if controlled by the franchisee), any payment to franchisor on a resale-event; and the franchisor's implied or express policy regarding goodwill entitlement.

Regulatory Triggers for Goodwill Valuation

In any franchising arrangement, the intentions of both franchisor and franchisee are reflected in an agreement that essentially deals with the rights and obligations of each party during the term of the commercial relationship and beyond. Whilst these rights and obligations substantively reflect the requirements of a hegemonic franchisor, they are also influenced by statutes that deal with stamp duty, intellectual property, income, capital gains, goods and services, industry codes, and competition and consumer. However, the Code has the most impact. It not only prescribes post-contractual conduct, but it also deals extensively with conduct prior to entering agreements and obligates disclosures that contemplate various goodwill issues.

- Part 2, [Div.2.1, Para.6A(a)]; states in part that the purpose of the disclosure document is to assist franchisees in making a reasonably informed decision about the franchise, which gives rise to goodwill entitlement and value. This is because one of the key things franchisees need to know is the expected return on their investment. In any measure, this must include entitlements to income and capital rewards, and the manner in which these will be determined. Goodwill in most businesses is a main source of capital gains.
- Part 2, [Div.2.2, Paras.11 (2) (a) (i) and (ii)]; require the franchisee to obtain independent business or financial advice before entering into a franchise agreement. This may create a duty for the adviser to advise on the merits of the franchise business, which may include goodwill.
• Annexure 1, Para.7.1 (f); requires the franchisor to provide details of intellectual property rights to the franchisee, which may affect the market value of the franchise business.
• Annexure 1, [Paras.13.3(f), 13.4(b), 13.6(a) and 13.6(b)]; require the franchisor to disclose the payments required from the franchisee to begin operations and the formula used to work out the payment, which may affect initial and terminal payments for goodwill.
• Annexure 1, Para.17C.1(b); requires the franchisor to disclose any exit payments due to the franchisee at the end of the franchise agreement and how it is to be calculated. This calls for contractual fairness and consistency on the part of the franchisor in making the determination as to payment type and value, which may take on the character of goodwill.
• Annexure 1, Para.17C.1 (d); requires the franchisor to disclose whether the franchisee has the right to dispose the business at the end of the term, which inevitably calls for valuation of both proprietary and contractual assets.
• Annexure 1, Para.17C.1 (e); requires the franchisor to disclose how the market value of the franchise business will be calculated on resale-events, thereby creating decisions about financial returns and goodwill.
• Annexure 1, Para.17C; prescribes certain disclosures for franchisors relating to arrangements at the end of franchise agreement, which may affect the market value of the franchise business.
• Annexures 1, Para.13A; requires the franchisor to disclose whether the franchisee will be required to make any unforeseen capital expenditure during the term. This directly affects the franchisee’s return on investment and the market value of the franchise.

5. FINDINGS OF LITERATURE REVIEW

The review of extant literature led to the following findings with respect to the research questions:

1. What is goodwill?
   While goodwill is generally defined in economic, accounting and legal terms, it is defined more broadly and residually in the franchising context. It deals with value generated with all items of intellectual property used generating cash-flows for the business.

2. Why is it different from independently-operated businesses?
   Franchisee-operated business goodwill is distinguished from independent private and public enterprises because of the inability of the franchisee to manage risk autonomously and free of restrictions. What it does, how it does it, and when it does it, is considerably governed by the franchise agreement, therefore by the franchisor.

3. When are goodwill related issues triggered?
   Goodwill entitlement and valuation issues arise when franchisees voluntarily exit or are terminated from the franchise or in compliance with certain statutes, such as stamp duty laws or the Code.

6. CONCLUSION

Despite these triggers, there is no established methodology to identify and value such goodwill. This creates a hot-house for potential conflict that benefits neither franchisor nor franchisee. Research on risk, return and franchisee-operated business goodwill as understood and measured in contemporary corporate finance transactions has ostensibly
stalled since 1978 when Professor Paul Rubin examined the nature of franchise contracts in the context of the ‘theory of the firm’. Consequently, this paper aspires to encourage further research in goodwill issues arising out of the dichotomy of franchisors specialising in ownership and franchisees specialising in custodianship. These demarcated functions of the franchise relationship generate value for both parties. However, that value cannot simply be imputed or guesstimated. More probative work is required to synthesise extant theories and franchise structures towards the design of frameworks and methodologies for the evaluation of goodwill in franchisee-operated businesses. That evaluation must target the governance structure underpinning the franchise system, its sub-systems, and value drivers. Ultimately, value generated and realised by both franchisor and franchisee will be determined by how effectively the governance structure enables the parties to perform their ownership and custodianship roles respectively.

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Proposing Key Performance Indicators for performance measuring of e-fulfillment systems in multi-channel retailing

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Abstract
Fulfillment of online orders is a major challenge for multi-channel retailers, as it is cost intensive and critical for customer satisfaction. It is therefore vital for multi-channel retailers to be able to steer their operations of order-fulfillment regarding, in parallel, the two dimensions: customer satisfaction and economic efficiency. Based on a literature review and the analysis of the results of an online questionnaire filled by French and Chinese multi-channel retailers, this article proposes a framework of Key Performance Indicators (KPIs) allowing to monitor the performance of multi-channel e-fulfillment systems.

Key-words: multi-channel retail; e-fulfillment; Key Performance Indicator; KPI
Track: Distribution

1. Introduction

An important number of traditional store-based retailers are becoming multi-channel retailers by opening an additional online channel. At the same time, formerly pure online retailers are opening stores or physical pick-up points to allow their customers physical interaction. Multi-channel retailing has received primary attention principally in the field of marketing by focusing on customer behavior (Venkatesan et al., 2007) and on the relations and conflicts between channels (Falk et al., 2007). The operational implications of online retailing in terms of e-fulfillment, defined as fulfilling orders placed over the Internet (Agatz, 2009; Tarn et al., 2003), seem to be treated only as a minor issue among other issues in e-commerce (Bask et al., 2012). Specific analysis of the operational implications of multi-channel retailing remains scarce (Agatz et al., 2008).

In multi-channel retailing, customers expect at least the same level of service, counsel, and information in every channel. This channel hopping, which is a legitimate desire from a customer's point of view, may nevertheless prove to be very difficult to implement for the retailer (Lang and Bressolles, 2013). The challenge for retailers is to satisfy this customer expectation and maximize the economic performances of every channel. There is a lack of studies regarding the best practices companies can follow in order to meet the customer expectation and economic performance at the same time (Agatz et al., 2008).

Based on a literature review in marketing and supply chain management, this article identifies 35 Key Performance Indicators (KPIs) that measure the economic performance and the customer expectation of e-fulfillment systems in multi-channel retailing. In order to determine the most relevant KPIs (defined as the KPIs most widely used and best evaluated by multi-channel retailers), a questionnaire was filled by sixteen supply chain or marketing managers of French and Chinese multi-channel retail companies. This article contributes to expanding the existing research on fulfillment systems to the specific configuration of multi-channel retailers (Agatz et al., 2008) by combining existing analysis of customer satisfaction and physical distribution service quality (Xing and Grant, 2006; Xing et alii, 2010) with economic performance aspects (Gunasekaran et al., 2001). The widely used criteria of customer service...
as performance indicator for supply chains (Mitra et al., 2010; Sambasivan et al., 2009; Mitra and Bagchi, 2008; Gunasekaran et al., 2004) is therefore refined and completed with economic performance criteria.

This article is organized into four parts. First, the conceptual framework presents the 9 criteria of economic performance and customer expectation in multi-channel e-fulfillment systems and identifies the 35 KPIs that evaluate e-fulfillment systems’ performance. Then, the methodology is presented. The results then present the 18 most relevant KPIs (in terms of use and evaluation by multi-channel retailers) according to the economic performance or customer expectation criteria. The conclusion presents the managerial implications, the limitations and research avenues.

2. Conceptual framework

In order to offer an online channel to its customers, a retailer has to be able to manage its operations in a very different way from its physical store activity because the online channel has to serve individual customers with a large variety of small orders (Tarn et al., 2003). E-fulfillment, defined as fulfilling orders placed over the Internet (Agatz, 2009; Tarn et al., 2003), includes the processes of warehousing, picking and order preparation, distribution and delivery, and returns (Straube and Lueck, 2000). E-fulfillment is often considered to be one of the most expensive, critical, and challenging operations of Internet retailers (Agatz, 2009; de Koster, 2002; Lee and Whang, 2001; Ricker and Kalakota, 1999). From an operational point of view, e-fulfillment systems have to be time and cost efficient. Logistics and stock management are becoming core competencies. From a strategic marketing point of view, the e-fulfillment system has to be able to meet the customers’ expectations.

Supply chain performance includes tangible and intangible factors (Chang et al., 2013). The overall performance of a multi-channel retailer is therefore influenced by a number of operational challenges (product availability, stock keeping, order taking and fulfillment, delivery to the customers, and reverse logistics…) and customer expectation parameters (delivery timing, availability, and returns…) that have to be managed in parallel by the retailer. This may lead to a trade-off for the retailer between operational costs and customer service (Agatz et al., 2008).

2.1. The criteria of economic performance and customer expectation in multi-channel e-fulfillment systems

Past research has identified five economic performance and four customer expectation criteria in multi-channel e-fulfillment systems (Lang and Bressolles, 2013). The economic performance criteria take into account the process steps included in the fulfillment system (warehousing, picking and packing, distribution and delivery and returns) as defined by Straube and Lueck (2000) and the infrastructure and investment aspects of fulfillment systems (Agatz et al., 2008; de Koster, 2002). The five economic performance criteria are (1) Stock and inventory efficiency, indicating the performance of the warehousing process; (2) Picking and order preparation efficiency, indicating the performance of the picking and order preparation process; (3) Delivery cost efficiency, indicating the performance of the distribution and delivery process; (4) Return handling efficiency, indicating the performance of the return process and (5) Fulfillment infrastructure costs, indicating all the investments, rents, or outsourcing costs for the fulfillment infrastructure. The four customer expectation criteria developed by Xing and Grant (2006) and Xing et al. (2010) are retained to assess the
customer expectation of the e-fulfillment system in a multi-channel retail context: (1) Timeliness, speed of delivery, choice of delivery date, delivery within specified time slot, etc. (2) Availability, confirmation of availability, substitute or alternative offer, order tracking and tracing system, waiting time in case of out-of-stock situations, etc. (3) Condition, order accuracy, completeness, damage in-transit, etc. and (4) Return, ease of return and return channels options, promptness of collection and of replacement, etc.

2.2. KPIs of the performance of e-fulfillment systems

Based on a literature review on performance metrics and key performance indicators used in marketing, supply chain management, e-logistic and retailing, 35 KPIs have been identified that measure the performance of e-fulfillment systems in multi-channel retailing. In order to identify these KPIs, a detailed search in academic databases (EBSCO and Emerald) and Google Scholar for "KPI" and the 9 criteria defined before (5 economic performance and 4 customer expectation criteria) was performed. Out of the KPIs found, only those mentioned in at least two different references and corresponding to the criteria (exact match or very similar definition) were retained. Table 1 lists the 35 Key Performance Indicators identified.

<table>
<thead>
<tr>
<th>KPI</th>
<th>KPI Name</th>
<th>KPI definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPI 1</td>
<td>Total investment in the warehouse</td>
<td>Investment, rental cost and/or outsourcing cost</td>
</tr>
<tr>
<td>KPI 2</td>
<td>Labor cost per unit of output</td>
<td>Total labor cost of the warehouse per unit of output</td>
</tr>
<tr>
<td>KPI 3</td>
<td>Processed number of orders per m³</td>
<td>Processed number of orders per m³ of the warehouse</td>
</tr>
<tr>
<td>KPI 4</td>
<td>Stock unit utilization</td>
<td>Percentage of WIP (Work In Progress) inventory compared to the whole inventory kept by the company</td>
</tr>
<tr>
<td>KPI 5</td>
<td>Working inventory</td>
<td>Available inventory for the normal demand during a given period</td>
</tr>
<tr>
<td>KPI 6</td>
<td>Inventory cycle time</td>
<td>Average time of items in inventory</td>
</tr>
<tr>
<td>KPI 7</td>
<td>Inventory carrying costs</td>
<td>Total costs which contain materials handling costs, inventory capital cost, storage space cost, risk cost</td>
</tr>
<tr>
<td>KPI 8</td>
<td>Safety stock volume</td>
<td>Inventory held to meet uncertain demand because of mismatch between forecasted and actual consumption or demand</td>
</tr>
<tr>
<td>KPI 9</td>
<td>Rate of obsolete inventory</td>
<td>Products in stock without usage or sales capability because having reached the end of its product life</td>
</tr>
<tr>
<td>KPI 10</td>
<td>Order to delivery time</td>
<td>Time between order receiving and goods delivery</td>
</tr>
<tr>
<td>KPI 11</td>
<td>Percentage of error in goods picking</td>
<td>Number of goods picked with errors compared to total number of goods picked</td>
</tr>
<tr>
<td>KPI 12</td>
<td>Revenue per order</td>
<td>Revenue per order</td>
</tr>
<tr>
<td>KPI 13</td>
<td>Pick rate per employee</td>
<td>Employees number compared to total number of picked items</td>
</tr>
<tr>
<td>KPI 14</td>
<td>Units shipped per employee</td>
<td>Employees number compared to total number of shipped units</td>
</tr>
<tr>
<td>KPI 15</td>
<td>Order entry time</td>
<td>Time between an order received and when it is entered into a paper or electronic system</td>
</tr>
<tr>
<td>KPI 16</td>
<td>Average delivery time</td>
<td>Transit time from when a shipment leaves the order preparation facility until it arrives at its destination (end customer)</td>
</tr>
<tr>
<td>KPI 17</td>
<td>Ratio of transportation cost to value of product</td>
<td>Total transportation costs divided by the total value of product shipped</td>
</tr>
<tr>
<td>KPI 18</td>
<td>Shipping accuracy</td>
<td>Number of units shipped without error divided by the total number of units shipped</td>
</tr>
<tr>
<td>-------</td>
<td>-------------------</td>
<td>----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>KPI 19</td>
<td>Cost per shipment</td>
<td>Total cost divided by the total number of shipments</td>
</tr>
<tr>
<td>KPI 20</td>
<td>Percentage of shipments arriving in good condition</td>
<td>Percentage of shipments without damage during a defined period of time</td>
</tr>
<tr>
<td>KPI 21</td>
<td>Average delivery re-planning time</td>
<td>Total re-planning time divided by times of return for a period</td>
</tr>
<tr>
<td>KPI 22</td>
<td>Recall cost</td>
<td>Cost of recalling a product</td>
</tr>
<tr>
<td>KPI 23</td>
<td>Cost of returns</td>
<td>General cost of returns</td>
</tr>
<tr>
<td>KPI 24</td>
<td>Enquiry-to-response time</td>
<td>Time between customer enquiry and retailer response</td>
</tr>
<tr>
<td>KPI 25</td>
<td>Average fulfilment cycle time</td>
<td>Total time between the customer order and the customer receipt of the product divided by total number of orders</td>
</tr>
<tr>
<td>KPI 26</td>
<td>Percentage of on-time deliveries</td>
<td>Percentage of orders delivered by the requested delivery date</td>
</tr>
<tr>
<td>KPI 27</td>
<td>Order fill rate</td>
<td>Percentage of items ordered filled from stock compared to total items ordered</td>
</tr>
<tr>
<td>KPI 28</td>
<td>Stockout rate</td>
<td>Rate of stockout and the duration of stockout compared to the total number of units in stock</td>
</tr>
<tr>
<td>KPI 29</td>
<td>Shrinkage</td>
<td>Average inventory divided by average daily Cost Of Goods Sold (COGS)</td>
</tr>
<tr>
<td>KPI 30</td>
<td>Order entry accuracy</td>
<td>Percentage of orders entered completely and correctly into the records compared to total number of orders entered</td>
</tr>
<tr>
<td>KPI 31</td>
<td>Warranty claims</td>
<td>Request for reimbursement of material costs, labor costs and external service costs that incurred while repairing damage</td>
</tr>
<tr>
<td>KPI 32</td>
<td>Number of damage claims</td>
<td>Number of damage claims over a specific period of time</td>
</tr>
<tr>
<td>KPI 33</td>
<td>Invoice accuracy</td>
<td>Percentage of correct invoices (reflecting products, quantities and price) issued compared to total invoices issued</td>
</tr>
<tr>
<td>KPI 34</td>
<td>Notification-to-refund time</td>
<td>Time between customer notification and getting refund</td>
</tr>
<tr>
<td>KPI 35</td>
<td>Average return rate</td>
<td>Number of product returns out of the total number of processed orders</td>
</tr>
</tbody>
</table>

Table 1: The 35 identified Key Performance Indicators

3. Methodology

In order to identify the most relevant KPIs (in terms of use and evaluation by multi-channel retailers) of the e-fulfillment systems’ performance, an online questionnaire was send to 100 supply chain or marketing managers of French and Chinese multi-channel retail companies. The focus on these two countries was chosen for two reasons. First, these two countries host a very significant number of multi-channel retailers and second, France historically has a strong retail sector as well in store as in mail-order retail whereas China's retail sector is rather an emerging one. Results of this exploratory study are therefore not limited to one specific country sector context.

The companies were chosen because of the variety of their sectors (grocery, electronics, books & CDs, cosmetics, luxury products ...). The respondents were identified and approached from a database of alumni of a major French supply chain management master program. The list of the 35 KPIs with their definition was sent to the respondents and asked them to indicate the KPI they used in their company in order to evaluate the performance of the e-fulfillment system (KPI USE). They had also to give a mark (out of 100) of the 35 KPIs
in order to evaluate the general importance of the KPI (KPI GRADE). Furthermore, they were asked to specify if they used the KPI under one specific of the 5 economic performance or the 4 customer expectation criteria.

The feedback from 16 companies, 9 from China and 7 from France was received. 10 respondents were from the supply chain department of the company and 6 from the marketing department. For confidentiality reason, it was not possible to indicate the names of the multi-channel retailers, nor the names of the respondents. The companies were from different sectors: Grocery, general merchandise or perishable goods (7), Electronics (3), Office, books & CDs (3), Cosmetics or Luxury goods (2) and Medicine (1).

### 4. Results

Based on the feedback of the 16 companies having completed the questionnaire, the most relevant KPIs that are used by at least half to the responding companies (50%) and that are evaluated by the companies with a grade at least 60 out of 100 were identified. At this stage, 22 KPIs out of 35 (63%) satisfied these conditions. In the next step, only the KPIs that are mentioned by at least 40% of the respondents to be used under the same criteria amongst the 5 economic performance or the 4 customer expectation criteria of the e-fulfillment systems’ performance were retained. The KPIs 9 (Rate of obsolete inventory), 12 (Revenue per order), 25 (Average fulfillment to cycle time) and 33 (Invoice accuracy) did not satisfy that condition. Those four KPIs were therefore not retained at that stage.

At the end of the process, only 18 KPIs out of 35 were retained (51 %) to evaluate the economic performance and the customer expectations of multi-channel e-fulfillment systems. No KPI were mentioned to be used by the respondents under the “Return Handling Efficiency” criteria from the economic performance aspect. This could be due to the fact that this criteria is very close to the “Return” criteria on the customer expectation side and therefore applies company-internally in an identical manner for both. Table 2 indicates the results of the 22 KPIs retained after the first step end the 4 KPIs not having been clearly allocated to one of the 9 economic performance or customer satisfaction criteria.

<table>
<thead>
<tr>
<th>KPI number</th>
<th>KPI</th>
<th>KPI Use (%)</th>
<th>KPI grade (/100)</th>
<th>e-Fulfillment criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPI 1</td>
<td>Total investment of the warehouse</td>
<td>62,50</td>
<td>61,18</td>
<td>Fulfillment Infrastructure Cost</td>
</tr>
<tr>
<td>KPI 6</td>
<td>Inventory cycle time</td>
<td>87,50</td>
<td>66,50</td>
<td>Stock &amp; Inventory Efficiency</td>
</tr>
<tr>
<td>KPI 8</td>
<td>Safety stock volume</td>
<td>100,00</td>
<td>61,67</td>
<td>Stock &amp; Inventory Efficiency</td>
</tr>
<tr>
<td>KPI 9</td>
<td>Rate of obsolete inventory</td>
<td>50,00</td>
<td>66,47</td>
<td></td>
</tr>
<tr>
<td>KPI 10</td>
<td>Order lead time</td>
<td>100,00</td>
<td>74,29</td>
<td>Picking &amp; Order Efficiency</td>
</tr>
<tr>
<td>KPI 11</td>
<td>Percentage of errors in goods picking</td>
<td>87,50</td>
<td>64,67</td>
<td>Picking &amp; Order Efficiency</td>
</tr>
<tr>
<td>KPI 12</td>
<td>Revenue per order</td>
<td>62,50</td>
<td>73,33</td>
<td></td>
</tr>
<tr>
<td>KPI 16</td>
<td>Average delivery time</td>
<td>100,00</td>
<td>64,74</td>
<td>Delivery Cost Efficiency</td>
</tr>
<tr>
<td>KPI 17</td>
<td>Ratio of transportation cost to value of product</td>
<td>75,00</td>
<td>60,00</td>
<td>Delivery Cost Efficiency</td>
</tr>
<tr>
<td>KPI 18</td>
<td>Shipping accuracy</td>
<td>62,50</td>
<td>76,50</td>
<td>Delivery Cost Efficiency</td>
</tr>
</tbody>
</table>

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Table 2: The 18 most used and best graded KPIs by multi-channel retailers by criteria

<table>
<thead>
<tr>
<th>KPI 19</th>
<th>Cost per shipment</th>
<th>87,50</th>
<th>62,00</th>
<th>Delivery Cost Efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPI 20</td>
<td>Percentage of shipment arrived in good condition</td>
<td>100,00</td>
<td>74,21</td>
<td>Delivery Cost Efficiency</td>
</tr>
<tr>
<td><strong>KPI 25</strong></td>
<td>Average fulfillment to cycle time</td>
<td>75,00</td>
<td>65,00</td>
<td>Delivery Cost Efficiency</td>
</tr>
<tr>
<td>KPI 26</td>
<td>Percentage of online deliveries</td>
<td>100,00</td>
<td>84,67</td>
<td>Timeliness</td>
</tr>
<tr>
<td>KPI 27</td>
<td>Order fill rate</td>
<td>75,00</td>
<td>81,58</td>
<td>Availability</td>
</tr>
<tr>
<td>KPI 28</td>
<td>Stock out rate</td>
<td>100,00</td>
<td>81,67</td>
<td>Availability</td>
</tr>
<tr>
<td>KPI 30</td>
<td>Order entry accuracy</td>
<td>75,00</td>
<td>69,38</td>
<td>Condition</td>
</tr>
<tr>
<td>KPI 31</td>
<td>Warranty claims</td>
<td>75,00</td>
<td>60,00</td>
<td>Condition</td>
</tr>
<tr>
<td>KPI 32</td>
<td>Number of damage claims</td>
<td>100,00</td>
<td>68,13</td>
<td>Condition</td>
</tr>
<tr>
<td><strong>KPI 33</strong></td>
<td>Invoice accuracy</td>
<td>50,00</td>
<td>79,41</td>
<td>Condition</td>
</tr>
<tr>
<td>KPI 34</td>
<td>Notification to refund time</td>
<td>50,00</td>
<td>60,00</td>
<td>Return</td>
</tr>
<tr>
<td>KPI 35</td>
<td>Average return rate</td>
<td>87,50</td>
<td>67,06</td>
<td>Return</td>
</tr>
</tbody>
</table>

Based on a literature review in marketing and supply chain management, this article has identified 35 KPIs that measure the performance of the e-fulfillment systems in multi-channel retailing. In order to identify the most relevant KPIs in terms of use and evaluation by multi-channel retailers, an online questionnaire was filled by 16 supply chain or marketing managers of French and Chinese multi-channel companies. The results identified 18 KPIs that are used and important by that multi-channel retail companies and also to determine under which of the 5 economic performance or the 4 customer expectation criteria these KPIs might be linked. These results contribute to expanding the existing research on fulfillment systems for multi-channel retailers by identifying KPIs that combine existing analysis of physical distribution service quality and customer satisfaction with economic performance appraisal.

From a managerial point of view, these results prove useful for multi-channel retailers in various ways. It provides KPIs for evaluating the performance of the e-fulfillment systems and therefore identifies potential areas of improvement on specific criteria (economic performance or customer expectation criteria). When setting up or improving the organization of e-fulfillment systems, the information about how different e-fulfillment systems perform regarding the KPIs of economic performance or customer expectation is in fact extremely helpful.

These results have two main limitations. First, data were collected from retailers in two specific countries, France and China. Although this was made with the intention to cover a large scope of different retail markets, the results may be biased by local market and customer specificities. Second, the research does not take into consideration the impact of the different types of fulfillment systems a multi-channel retailer may operate. The importance of the different KPIs depends on whether a retailer is fulfilling online orders in a dedicated distribution center, in its physical stores or in both. It further depends whether orders are prepared for home delivery or for customer pick-up in the stores or pick-up points.

A further limitation may be the fact that the results do not address interdependencies among the different KPIs, as one KPI may give indication on more than one criteria. Further research should therefore replicate this study including multi-channel retailers in different countries and sectors with different product types in order to explore the influence of the country, sector and product type on the performance of the e-fulfillment system. Moreover, the evaluation of KPIs should take into consideration the specific fulfillment system used by retailers.
the multi-channel retailers. This would allow to refine the results and to better be able to apply the KPIs for specific company settings.

References:


DISTRIBUTION ABSTRACTS
Exploring the Power and Influence of Intermediaries in an Intermediated Relationship: A Case Study from the UK Financial Services Industry

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Abstract

The financial services industry is one of the most important economic pillars in the UK. Independent financial advisers (IFAs) hold a very important role in this industry as they generate the majority of long-term savings and investments sales. Despite their importance, there has been very little research investigating the extent of their power and influence on providers and customers. Therefore, adopting a case study research method, this study aims to explore the power and influence of IFAs in the intermediated relationship between a long-term savings and investments provider and customers. The findings indicate that because of the complexity of the products and the IFAs’ independent nature, skills and expertise, they become the most powerful actor in this intermediated relationship. The findings of this study will provide valuable insights to the financial services industry, especially after the recent implementation of Retail Distribution Review on 1st January 2013.

Keywords: intermediaries, financial services, financial advisers, power, influence

Track: Distribution
Impact of buyer-supplier relational practices on supply chain resilience and supply chain performance

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Abstract

This research uses partial least square based structural equation modelling to test the proposition that supply chain resilience mediates the relationship between buyer-supplier relational practices and supply chain performance. Buyer-supplier relational practices are defined in terms of trust, cooperation, commitment and communication. Study results support the mediating role of supply chain resilience between buyer-supplier relational practices and supply chain performance. Results also suggest the existence of a direct relationship between buyer-supplier relational practices and supply chain performance.

Key words: Relational practises, resilience, supply chain performance.

Track: Distribution
Counterfeit Dilemma in the UAE: Combat Factors from the Distribution Channels Observed

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Abstract

Despite its potential to become one of the world’s prominent economies, the UAE is at a disadvantage due to the high levels of counterfeit trade, creating a dilemma for government, brand owners, and consumers. This paper examines the state of counterfeit trade in the UAE in terms of its prevalence across different industries and the efforts made by various bodies to deter and combat this flourishing trade. The paper draws its conclusions from results based on a content analysis of selected news reports published from 2000 to 2011 in one of the leading newspapers. Findings reveal that safety-critical goods such as pharmaceuticals and auto parts dominate news of counterfeiting, while luxury fashion is least reported; fines/penalties dominate the deterrent factors, followed by jail terms, raids, and campaigns. This study was conducted to gain a preliminary insight into the counterfeit trade in UAE by analysing secondary data using newspaper reports.

Keywords: counterfeit trade, United Arab Emirates, brand protection

Track: Distribution
Franchising Rhetoric: A Cross Cultural Study

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Abstract

This study explores the rhetoric franchisors use to advertise their franchise concept in a cross cultural context. Franchisees have a broad range of franchising opportunities to select from, and thus franchisors compete with each other to attract franchisees. Whilst there is evidence that culture influences consumer advertising, little research has explored cross-cultural B2B advertising. The paper investigates whether culture, in terms of individualism/collectivism, uncertainty avoidance and assertiveness influences franchisor rhetoric in five countries (UK, US, Australia, India and South Africa). A computerised content analysis programme, DICTION, is used to enable thematic content analysis of franchise promotional materials. The results reveal that franchise promotional narratives reflect the culture in which the franchise brand is located. That is, franchise advertising tends to be influenced by country culture. This is one of a few cross cultural studies of B2B advertising, and to the authors’ knowledge, is the first study to explore franchise advertising narrative in a cross cultural context.

Keywords: Cross-cultural advertising, franchising, B2B

Track: Distribution
Small retailer’s new product acceptance in emerging market: A grounded theory approach

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Abstract

Limited empirical research is available which studies retailer’s decision to accept the new product either through survey design or modeling approach. The study uses grounded theory approach to systematically collect and analyze data to generate a model for the small retailer’s new product acceptance in an emerging market grounded in the data. In depth interviews with eight small retailers, four situated in small market town and four in a metro were conducted. The interview data was used to propose a model of small retailer’s new product acceptance embedded in the emerging market context of India. The proposed model suggest that apart from the product and market related factors which are supported by the existing literature on new product acceptance, relationship factors and reputation of the manufacturer also play an important role in facilitating new product acceptance.

Keyword: new product; small retailer; relationship; grounded theory; fairness; India

Track: Distribution
DIGITAL MARKETING AND SOCIAL MEDIA
FULL PAPERS
Facebook Engagement: Official vs. Community-Driven

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Abstract
Engagements in Facebook provide an indication of social activity and allow network analysis based on real-time conversations and activities. A Facebook site offers companies a medium for spreading corporate messages and enables in-depth analysis of those communications. This research is unique because it compares engagements between two branded Facebook sites, one corporate controlled and the other run by community members. This work highlights the value of considering specific post typologies (the types of posts that get the most engagement) and recommends that future research consider typology over a longer period of time.

Keywords: Social networking, Facebook, engagement
Track: Digital Marketing and Social Media

1. Introduction
Increased reliance on the internet for information and interaction has given rise to online social networks where community members are their own authors of information and artefacts. The environment they engage in is both evolving and involving. Users ‘share data, experiences, events and emotions’ (Quinn, Chen & Mulvenna, 2011, p. 9) and the impact of such sharing has been described as ‘rendering a new global footprint’ (Charron, Favier & Li, 2010 cited by Quinn et al., 2011). Social networking sites have attracted millions of users and have significant impact on the daily lives of those users in both personal, and professional settings, including opinion giving and seeking, spreading ideas, communication, job seeking, socialisation and organising events (Traud, Muchaa & Porter, 2012). Facebook is the most common of all social networking sites (Gonzalez, 2009) and, from a research perspective, this popularity has also ‘revolutionised the availability of social and demographic data, which has in turn had significant impact on the study of social networks’. Social networking sites, such as Facebook, have made it possible to ‘acquire large data sets’ and to study these in terms of overall online population (including a ‘voluminous amount of detailed personal information’ and the activities undertaken by such populations, such as social organisation at ‘unprecedented levels of size and detail’ (Traud et al., 2012, p. 4165).

In this paper, we study the social networks of a University’s official Facebook page and compare the types of engagements with those from an unofficial Facebook page tied to the same University. RMIT University is a member of the Australian Technology Network (ATN) and was founded in 1887, making it the third oldest tertiary education provider in the state of Victoria (the second oldest University) and the eighth oldest in Australia. The University is comprised of three Colleges (Business (comprising six Schools), Science, Engineering and Health (comprising ten Schools) and Design and Social Context (eight Schools), and a Portfolio of Research and Innovation (comprising five research Institutes).

We consider the wall posts generated between 18/08/13 and 31/08/13, and measure all resulting engagements (measured by likes, comments, comments on comments, and shares) up to and including November 10, 2013 for both the RMIT University Facebook page (https://www.facebook.com/RMITuniversity) and RMIT University Memespace.
We first briefly discuss the notion of brand community and its role in understanding Facebook engagements. Next, we explore the conversations and online activities for the two weeks under investigation. We then present and discuss the results of the comparison between the two communities, official versus unofficial. Finally, we present potential future directions for research.

2. Literature Review

Brand communities have been defined as a ‘specialized, non-geographically bound community, based on a structured set of social relations among admirers of a brand’ (Muniz & O’Guinn, 2001, p. 412). However, they may not always form around a brand, but rather through customer experiences emerging from their interactions with the brand, the product, and the marketer, thus, the community is not centred on the customer-brand/marketer relationship but also includes relationships with other customers and community members. The increasing popularity of the Internet has developed the idea that brands can utilise their online marketing efforts to create, and presumably manage, consumer communities; enter social network marketing (SNM) (e.g. McAlexander & Koenig, 2010). Following the broader definition of a brand community a marketer, seeking to build such a community, must provide a virtual platform, centred around the brand, where like-minded (yet still individualistic) postmodern consumers can discuss their opinions. Yet, the community maintains a direct, albeit non-intrusive, connection with the brand, since the platform is built around that brand’s personality (Cova & Pace, 2006). Operationally, the practical marketing goal behind developing an online community is to leverage commitment, from consumers and prospects, and to support information exchanges between corporate communication and community members in efforts to strengthen identification and shared values, belongingness and dedication – all of which can enhance affective commitment (Evanschitzky, Brock & Blut, 2011). By understanding consumption and brand communities, research has provided frameworks that can inform and guide marketing investments leading to value creation for customers, brands, institutions and society at large (McAlexander & Koenig, 2010). However, the brand community research is exclusively focussed on a single brand community at a point in time. The authors could find little evidence of research which compares the communities of a single brand, spread across two social networking sites where one is an official corporate communication based endeavour and the other is run for and by members. Most likely because few companies would have two sites, and in this, RMIT University offers a unique research opportunity.

3. Research Method

We examine the engagements (likes, shares and comments), of two Facebook sites. One is the official RMIT University Facebook page and the other is an unofficial page put together by a community of students. The description on RMIT University’s Facebook site is as follows: “The Royal Melbourne Institute of Technology is one of Australia’s original and leading educational institutions, producing some of Australia’s most employable graduates. As an innovative, global university of technology, with its heart in the city of Melbourne, RMIT has an international reputation for excellence in work-relevant education and high quality research, and engagement with the needs of industry and community.” Further, the Facebook sites suggests the following general information: “With more than 74,000 students studying at RMIT campuses in Melbourne, in Vietnam, online, and at partner institutions throughout the world, the University is one of the largest in the country. It has built a worldwide reputation for excellence in professional and vocational education and research. A vibrant alumni community now stretches across more than 100 countries.” The description of the RMIT University Memespace site is as follows: “A community for students, made by
students. We speak the global language of humour!” And general information is provided as follows: “RMIT University MemeSpace does not take any stance on any issue presented to us by others on this page. We keep advertising to a minimum as well as offensive content”.

4. Data Analysis

Overall, an interpretivist research methodology was selected as the most appropriate for this study. Such studies are directed by the researcher’s own principles and opinions in relation to the world and how it should be comprehended and investigated and provide an opportunity for deep exploration and richness of data that positivist and survey methods may not be able to achieve (Corbin & Strauss, 2008). Some quantitative and qualitative data was adopted in line with the research’s framework, and used to compare a brand community across two Facebook sites. The analysis undertaken involved, firstly, evaluation of descriptive statistics to ensure data integrity (Sekaran, 2000) and to provide a profile of community members, followed by content analysis of the engagements of members on both sites. The interpretivist research methodology is particularly relevant in this research as it accepts the real world “out there” as being very important. This is especially true in situations where there is interaction between the objective reality and people’s subjective experiences, such as in social media. This research methodology allows a focus on the importance within the consumption situation, namely, that which is ‘subjectively experienced in the minds of the consumers’ (Szmigin & Foxall, 2000, p. 190).

The purpose of this research is to examine engagement and interactivity between a corporate brand and community members, and between community members. As evidenced by the literature review there are a plethora of studies/articles looking into engagement of brands and brand communities but very few which compare between corporate communications and member driven communications, thus this study enables a much deeper analysis than that provided by purely behavioural or dispositional descriptions of observable actions (Waytz, Epley & Cacioppo, 2010). The primary data was derived from actual engagements between the two Facebook sites, including the original wall post and subsequent interactions with each post (likes, share, comments and comments on those comments). A wall post comprises the original message posted at the beginning of what may become a conversational thread. A comment is made in response to either the wall post or subsequent comments. A like is the act of clicking the ‘like’ icon in Facebook to show support for a wall post, a comment, or a comment on a comment. Shares are the act of clicking on the ‘share’ icon in Facebook to upload the wall post to another page. All levels of interaction are combined in the total engagements. Unique engagements highlight the total number of distinct users or pages that interacted during the timeframe.

For the two weeks under investigation (18/08/13 - 31/08/13) the RMIT Facebook page had a total of 51,861 page likes, compared with just 7,855 for RMIT Memespace. During that time the official RMIT Facebook site posted 64 wall posts generating 1,735 engagements (total of comments, comments on comments, likes and shares) while the RMIT Memespace Facebook site had 18 wall posts which generated 1,942 engagements (Table 1).

On average, one RMIT wall post generates 30 engagements (2 comments, 25 likes and 3 shares) compared with Memespace which generates 110 engagements (11 comments, 96 likes and 2 shares) for each post. Thus, RMIT takes 3.72 wall posts to generate the same level of engagement as Memespace achieves with a single post.
Table 1: Engagements for RMIT University’s Official (Off) Facebook compared with RMIT Memespace (Unoff) between 18/08/13 – 31/08/13

<table>
<thead>
<tr>
<th>Sites</th>
<th>Wall Posts</th>
<th>Comments</th>
<th>Likes</th>
<th>Engageme</th>
<th>Unique engagements</th>
<th>Shares*</th>
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<tbody>
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<td>ENGAGMENTS</td>
<td>ENGAGEMENTS</td>
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<tr>
<td>Engagements</td>
<td>1,735</td>
<td>1,960</td>
<td>856</td>
<td>762</td>
<td>1,205</td>
<td>1,100</td>
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<td>ENGAGEMENTS</td>
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<td>(49.3%)</td>
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<td>452</td>
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<td>ENGAGEMENTS</td>
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<td>33</td>
<td>169</td>
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</table>

* Facebook hides the gender of shared wall posts

What was it about Memespace wall posts that generated much higher levels of engagement? From analysis of each wall post and all subsequent comments a number of categories and sub-categories of reasons were developed and are discussed in both descriptive and interpretive manners (Spriggle, 1994). All of the wall posts, comments and comments on comments were entered into a qualitative data program, Leximancer, and a concept cloud was generated using http://textisbeautiful.net/. A concept cloud is defined as a ‘visual depiction, typically used to provide a visual summary or a semantic view of an item or a cluster of items that have something in common (e.g., the search results for a specific query)’ (Carmel, Uziel, Guy, Mass & Roitman, 2012, p. 1). For categorisation and analysis the importance of a term can be represented using font size (the bigger the more often that concept appears or colour (to show linkages between concepts) (Carmel et al., 2012). The main concepts to emerge from the official RMIT Facebook site was students, university and the brand name, RMIT. From Memespace the main concepts were internet and haha (see Figure 1 for the RMIT Facebook word cloud and Figure 2 for the Memespace word cloud).

Total engagements were considered for both likes and comments (including comments on comments) for the top ten wall posts of both Facebook sites. It appears that the RMIT official Facebook site had one clearly successful wall post which generated a high number of engagements but these levels are not sustained across other posts (see Figures 3 and 4) compared with Memespace which achieves very high rates of engagements for the top five wall posts (overall total of 1,415 likes, 166 comments) compared with 1,127 likes and 68 comments for the top five posts for RMIT Facebook.
For the RMIT Facebook site the most successful wall post was titled “Meet Anatomical Man” and stated: “Zac O’Brien was transformed over 18 hours with the help of body paint and artistic students, as part of a research project by Dr Claudia Diaz” (see Figure 5). The post highlighted the work of an RMIT member of academic staff, Dr Diaz, who used the real life demonstration of the muscles and tendons as part of a learning and teaching project for the Bachelor of Health Science/Bachelor of Applied Science (Chiropractic) students.

The wall post provided a link to a press release which offered additional story details to the story plus a time lapse video showing the transformation. The wall post was released on August 22, 2013 at 7pm and has since received 785 likes (429 from males, 342 from female, three unknown and 11 page likes). The post has also generated 47 comments (27 from males, 20 from females) and 137 shares. From original wall post to the last comment the life span was just over 15 days (15d, 6h, 8m and 40s).

The most successful wall post for Memespace was a photograph of someone using the RMIT technology in an inappropriate and sexually explicit manner (see Figure 6 (censoring was included in the original post)), and was posted on August 30, 2013 at 22.48. The wall post stated: “Caught a photo of this happy chap just browsing his internet. I usually just surf YouTube at uni but each to their own. --name of student removed”. The wall post achieved a total of 452 likes (347 male, 99 female, one unknown and five page likes), 21 shares and 56 comments (41 from males, 13 from females and 2 page). From original wall post to the last comment the life span was just 24 days (24d, 13h, 8m and 3s).
One other Memespace wall post also generated the same number of comments (56 in total) (45 from males, one from a female, one unknown and 9 pages). That wall post was a social commentary which stated: “Things like race, religion, political views, and sexual preference (you could even include gender) are separating factors. As soon as you take one side you've already made a million enemies. We all have one thing in common - we're all human, that should be all we care about. You won't find peace until you settle your differences by being indifferent. In a world where different orthodoxies are trying to win you over, it's hard, but you have to remember where you come from and who you are. You're human and you come from Earth. That's all that really matters.” While it generated the same number of comments as the overall highest engaged Memespace blog it only had one share, (third highest) and 160 likes (the fourth highest) yet it achieved those comments in a short space of time, with a life span of just over 19 hours (19h, 33m, 55s).

5. Conclusions and future directions

The primary goal of social media driven corporate communication strategies needs to be to engage community members in dialogue, rather than the traditional monologue model. RMIT official’s Facebook page had few opportunities for members to co-create the message, something Kraft’s How Do You Like Your Vegemite Campaign did very effectively, and just one really stand out post in the time period under analysis which caught the community’s imagination and interest. Members responded to each other with comments, uploading related pictures or pictures that encapsulated a theme they were expressing, and liking and commenting on member comments. The wall post successfully moved RMIT away from the traditional reliance on a top-down message aimed at the elite consumers in an attempt to foster peer-to-peer dialogue (Edelman Trust Survey Results cited by Decker, 2006). However, Memespace achieves greater engagement across multiple posts, rather than a single stand out post, which could be seen as outlier of RMIT’s posts, rather than the norm. For the most part, previous advice on mining social media for customer intelligence has suggested identifying top sites (usually by volume) through services such as Technoratic mentions or through understanding how people are tagging are particular website. Once this has been done, the next step is to segment such sites by influence, then look for the top vocal consumers (those that are creating the ‘buzz’) and then, somehow, tap into those consumers and sites. But a far more effective strategy is to co-create the community of connected consumers and bring the influentials and the passionates to the brand community.

A Facebook page provides an opportunity to gather ‘fans’, and to collect them in large numbers. At the time of writing, Coca-Cola’s Facebook page had 74.5 million likes, Beyonce’s Facebook page had 52 million likes, Starbucks had 35.3 million likes, McDonald’s
had 29.6 million and Louis Vuitton had 15.3 million. Progressive’s fan page for an ‘always happy-to-help insurance clerk’, Flo, the Progressive Girl, has 5.3 million likes.

Further, by comparing between brand communities, the advantage of opening accessible social media, such as Facebook, is the opportunity to examine another community beyond the firm’s own site. For example, the more engaged community of RMIT Memespace offers a unique, non-company controlled look at students’ interactions. Future research could consider a longer period of time and consider which types of posts enabled the greatest engagements. In summary, this work is a starting point in the identification of concepts which increase wall post value but further research is needed to consider these concepts in detail, the types of seeding strategies which may extend post life and how to backwards incorporate this information effectively into traditional advertising to shape the outcomes of what becomes viral.

References
Social Media and the New Zealand Wine Industry

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Abstract
The purpose of this study is to investigate the current and future use of social media amongst wineries in New Zealand. A self-administered questionnaire was posted to wineries throughout the nation’s various wine regions. Results indicate that 65 percent of wineries are using social media as a means to communicate with their customers; with Facebook and Twitter being the most used social media platforms. These results suggest that there is an opportunity for more New Zealand wineries to adopt social media and incorporate it within their marketing strategies; training may be required to assist wineries with this. This study adds to current knowledge on the use of social media amongst businesses, particularly in the wine industry.

Keywords: social media, wine industry, communication
Track: Digital marketing and social media

1.0 Introduction
There is little doubt that social media is a huge and growing communication and marketing phenomena. Social media platforms are utilised by millions of customers and businesses, and have effectively changed the very nature of the relationships between these two communities.

Social media is described by Nair (2011) as online tools where content, opinions, perspectives, insights and media can be shared. Social media can also be described as online resources that people use to share content, including videos, photos, images, text, ideas, insight, humour, opinion, gossip and news (Drury, 2008). Fundamentally, social media is about relationships and connections between people and organisations. To facilitate these relationships and connections, literally hundreds of different social media platforms have emerged (Harris, 2009). The most well-known platforms include mechanisms for social or professional networking such as Facebook, MySpace and LinkedIn, tools for video sharing such as YouTube, and blogging engines such as Twitter.

The use of social media has exploded in a way that traditional mass media never did; it took 38 years for the radio to attract 50 million listeners, 13 years for television to gain 50 million viewers and just one and a half years for Facebook to reach 50 million participants (Nair, 2011). Facebook today has more than 550 million users and Twitter has exceeded 100 million users. Kietzmann et al. (2011) suggest that there are approximately 90 million new tweets or blogs being created each and every day. These figures give some indication of the importance of social media to people.

Although social media is relatively new to the business world, it is rapidly becoming just as important to businesses as it is to customers. To illustrate this, eMarketer in 2006 predicted that advertising expenditure in the US on social media platforms would eclipse $1.8billion by 2010 (Drury, 2008). Businesses are utilising social media as (a) a source of research information for product design and even co-creation; (b) a marketing tool to drive sales; and (c) a means for managing stakeholder relationships (Zeng et al., 2010). Reyneke, Pitt and Berthon (2011) suggest that brands are using social media to attempt to reach current customers, to gain new customers and to build or maintain their reputation. Social media gives a business access to engage personally and directly with customers around the globe.
Nair (2011) noted that customers today expect that companies will have a social media presence and Hanna et al. (2011) noted that companies across many different industries now view the use of social media as a mandatory element of their marketing strategy.

2.0 Social Media and the Wine Industry

Having a social media presence is as important as having a road sign that points to a winery’s cellar door argues Habel and Goodman (2010). Despite this, wineries have been reasonably slow to incorporate social media into their marketing strategies. Christou and Nella (2012) suggest that wineries may differ in their perceptions of social media compared to other industries, as they have not embraced the new technologies to the same extent. Research in an emerging American wine region (Velikova, Wilcox & Dodd, 2011) revealed that most wineries were aware of the popularity of social media, but few knew how it could be helpful to them. Similarly, both Stricker et al. (2003) and Thach (2009) noted that many US wineries have a Web 1.0 approach - they have built a website to passively provide information but have not adopted interactive social media tools to any great extent. In France, a study of luxury Bordeaux wine brands revealed that they did not have a clearly defined social media strategy (Reyneke, Pitt & Berthon, 2011). Other authors have also noted that the wine industry has been slower than other industries to adopt online applications (e.g. Bruwer & Wood, 2005; Gebauer & Ginsburg, 2003; Quinton & Harridge-March, 2003).

Despite this noted slow start, the global wine industry is increasingly engaging in social media. Although there is a low rate of website adoption amongst Greek wineries, almost 60 percent of those wineries with a website were found to provide a link to their Facebook or Twitter page and 13 percent included a link to YouTube videos (Notta & Vlachvei, 2013). Research in Germany (Szolnoki et al., 2013) reported that 60 percent of wineries are communicating with their customers via social media, with the most prevalent platforms being Facebook, Twitter and YouTube. In addition, 40 percent of respondents indicated that they planned to implement additional social media activities in the near future. Bouquet (2012) reported that 94 percent of interviewed American winery respondents were active on Facebook, compared to only 53 percent of French wineries.

As the adoption of social media by wineries is increasing, research examining the uses of social media in this industry has developed. Recent Australian research (Dolan, Goodman & Habel, 2013) reveals that wineries are using Facebook as a communication platform across one, or more, of three identified orientations; for (a) promoting events, (b) selling wine, and (c) relationship building. Research in the US categorised winery websites as having either a marketing-orientation or a wine-orientation, and one of the differing factors between the categories was the presence or absence of links to social media sites; only wineries with marketing-oriented websites provided social media links (Velikova, Wilcox & Dodd, 2011). Laverie et al. (2011) argue that having a social media presence is a new and low-cost way for wineries to build loyal, ongoing relationships with consumers and a brand community. Bouquet (2012) reported that over half of US wineries are utilising Facebook as a medium to generate customer sales.

Strickland (2013) notes that very few previous studies have been undertaken to specifically identify social media use in the wine industry. Thach (2009) also reported that there is little evidence regarding the use of social media in the wine industry. This study addresses this gap by examining the use of social media across the New Zealand wine industry. The following research questions have been developed from the literature review:

RQ1. Are wineries currently utilising social media platforms?
RQ2. Which social media platforms are wineries using?
RQ3. How are wineries utilising social media technologies?
RQ4. Will the use of social media among wineries increase in the future?

3.0 Method
This study utilised a questionnaire that had been previously developed and tested for research with German wineries (Szolnoki et al., 2013). The questionnaire was translated into English by the original author, and the author of this study reviewed and revised the translation. The questionnaire was designed to measure the attitudes and preferences of winemakers regarding social media; it contained questions that examined general communication tools and online shops, as well as sections that focused specifically on the use of social media, the identification of social media platforms in use, the importance of social media and issues with social media.

The questionnaire was posted out to 575 wineries in early 2014 and completed by 106, giving a response rate of 18 percent. A postal questionnaire was used as the author had experienced good response rates using this method with wineries in previous research (e.g. Forbes & De Silva, 2012).

4.0 Results and Discussion
The first research question examined whether New Zealand wineries are currently using social media platforms. Figure 1 illustrates the methods that New Zealand wineries are using to communicate with their customers. Although 65 percent of wineries utilise social media as a means to communicate with customers, it is clear that communication is still primarily in person or via email. Social media use amongst wineries is more prevalent in New Zealand than it is in the Greek (Notta & Vlachvei, 2013), German (Szolnoki et al., 2013) or French wine industries, but significantly less than among American wineries (Bouquet, 2012). This result suggests that New World wineries are more likely to adopt and embrace social media than their Old World counterparts in Europe.

Figure 1. Tools used by wineries to communicate with their customers.

Further to this, Figure 2 provides a view of how important social media is to wineries. Over a third of New Zealand wineries rate social media as being reasonably unimportant to them, but almost two-thirds of the wineries view social media as having some level of importance to them. In particular, 17 percent regard social media as being very important to their business. This result suggests that New Zealand wineries are increasingly seeing social media as an important element of their marketing strategy.
Figure 2. Importance of social media to wineries.

The second research question sought to identify which specific social media platforms are being used by wineries. Figure 3 illustrates the social media platforms that wineries in New Zealand are utilising. Facebook (67%) and Twitter (55%) are the most commonly adopted social media platforms. This result is similar to Szolnoki et al. (2013) who reported that Facebook, Twitter and YouTube were the most prevalent social media used by German wineries. This result also indicates the importance of running, reading or writing wine blogs and indicates that wineries are aware of the number of consumers who passionately and regularly engage with this form of communication.

Figure 3. Social media platforms used by wineries.

The third research question examined how New Zealand wineries use the social media platforms (see Figure 4). The questionnaire asked each winery what they were wanting to achieve by using social media; interestingly, seven percent of New Zealand wineries could not identify the purpose of their social media use. This result provides some support for earlier research suggesting that wineries are unsure of the usefulness of social media and/or do not have a clearly defined social media strategy (e.g. Reyneke, Pitt & Berthon, 2011; Velikova, Wilcox & Dodd, 2011). New Zealand wineries are clearly using social media for tasks such as the promotion of events, to build relationships, and to generate sales through advertising or other communications to customers; this provides support for earlier research (e.g. Bouquet, 2012; Dolan, Goodman & Habel, 2013; Laverie et al., 2011).
Figure 4. Reasons why wineries are using social media.

The final research question examined whether wineries had any future activities planned on social media platforms (see Figure 5). While almost 45 percent of the responding wineries had no future plans to extend their current use of social media, over half of the wineries did intend to increasingly use social media in the future. Predominantly, these future plans were based on utilising video platforms, or adopting Facebook, Instagram or Twitter platforms. This result is similar to the future plans of German wineries, where 40 percent plan to implement additional social media activities (Szolnoki et al., 2013).

Figure 5. Future social media activities.

5.0 Conclusions
This study has provided an overview of the current and future social media use amongst New Zealand wineries, including which platforms are used and what they are used for. It is clear that, for many wineries, social media is already an important communication tool, and for others it is something they are looking to adopt more into the future.

Whilst this study has revealed that 65 percent of the responding New Zealand wineries use social media to communicate with their customers, it clearly illustrates that the rate of adoption is far lower than the 94 percent utilisation across American wineries (Bouquet, 2012). In addition, seven percent of the wineries who were using social media could not identify what they were using it for. These results indicate that there is an opportunity for
social media utilisation across New Zealand wineries to increase. It is likely that this result provides some support for the view that wineries, across the globe, have been somewhat slow to adopt social media, perhaps because they are not exactly sure how it will be useful to them (e.g. Christou & Nella, 2012; Reynke, Pitt & Berthon, 2011; Velikova, Wilcox & Dodd, 2011). This suggests that the New Zealand wine industry body could have a role to play in educating wineries about which social media platforms to use and how best to use them to build relationships, improve reputation and ultimately increase sales. Given the export focus of the New Zealand wine industry and the proliferation of social media activity across the global population, there is a clear need for wineries to adopt and engage in this space in order to communicate with customers who are often on the other side of the world. Social media can, and should be, incorporated into existing marketing strategies.

Future research could include in-depth case studies of individual wineries to analyse how social media can be most successfully utilised and incorporated within a winery’s overall marketing strategies. It may also be useful to examine the views of the wineries that do not currently use social media to identify the barriers to adoption.

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References


Augmented Retail Reality: Situated Cognition for Healthy Food Choices

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Abstract
The emerging Augmented Reality (AR) technology, defined as the virtual overlay of the physical world aided by the proliferation of portable computing devices (such as the smartphone), transforms consumer behaviour in traditional retail settings. With the right application, consumers gain the unique ability to virtually manipulate the choice set in physical retail environments. We look at the cognitive processing of Augmented Reality information in terms of situated cognition. We demonstrate that choice restriction via the AR significantly affects consumer decisions in the context of healthy food choices and the effect is strengthened through priming situated cognition. We discuss implications for consumers and retailers.

Keywords: Augmented Reality, Situated cognition, retailing
Track: Digital Marketing and Social Media

Introduction
The increasing proliferation and growing sophistication of consumer oriented mobile computing devices (such as the smartphone) is rapidly changing human-computer interaction from fixed location to seamless blend of virtual stimuli in everyday life (Want, 2008). The unique aspect of Augmented Reality (AR) technology is its ability to use software (called apps) ‘on the go’. These apps provide the virtual layer of information able to sense and interact with the existing physical environment. This virtual overlay provides the key benefit of being easy to manipulate and control and thus tailor the appearance of the physical environment to suit customer’s needs.

In retail contexts, significant effort and expenditure is afforded towards the store design and layout because the order in which consumers encounter products, the assortment they see in each section of the store, and the route they travel in the store affects sales (Larson et al., 2005). Augmented Reality challenges this pattern of consumer decision making by potentially bypassing the store context and assortment effects. With the right application of AR, the consumer can easily locate products on the shelf, while ignoring competing or irrelevant product information. This allows the consumer to focus limited attention on a select set of alternatives (instant consideration set) without the distraction of other product cues, which often obscure or interfere with attitude-driven decisions. Unlike traditional retail settings, where consumers divide their attention between planned purchases (e.g.: shopping list) and impulse purchases (e.g.: point of sale decisions), AR shifts the planned behaviour process towards the point of sale. To illustrate, consider a consumer who enters a supermarket store armed with an AR enabled device (e.g. smartphone). By pointing the device at a group of products on the grocery shelf, the device recognizes the products and automatically matches their ingredients list against the consumer’s stated goal (e.g. low sugar content). It then seamlessly highlights the relevant products, while removing the irrelevant information from the decision set. In this way, the AR shopping blends the goal directed behaviour with immediate sensory experience in the store.
In this paper, we present an experimental study to investigate the role of AR in blending goal-directed behaviour with on the spot decisions. Our contribution is three-fold. Firstly, we show that choice behaviour is significantly affected by an AR technology in a retail setting, and that congruent AR improves behaviour-goal consistency. Secondly, we show that in the case of incongruent AR consumers are likely to miss the behaviour-goal inconsistency without extended feedback learning. Finally, we link this choice behaviour with the conceptual framework, which suggests that the above effects are enhanced by increased situated cognition. The remainder of the paper is organized as follows: we introduce situated cognition as the conceptual framework, describe the study design, present the results and, finally, discuss the implications for consumers and retailers.

**Conceptual Framework**

Current design and understanding of the majority of marketing systems is shaped by the lingering belief in thoughts and attitudes being ‘decoupled’ from the sensory environment. For example, colloquially, we ask consumers to ‘do the right thing’ and ‘live a healthy life’. We typically think of actions as consciously and deliberately determined based on the ideas, attitudes and values we hold (Ajzen, 1991). In contrast, AR retailing offers an opportunity to investigate a supplementary approach. Because attitude and behaviour are often inconsistent due to unforeseen circumstances and self-control pressures, we consider aspects of situated cognition as the conceptual underpinning of the AR effect in a retail context.

By definition, situated cognition is cognition that occurs “in the context of task-relevant inputs and outputs” (Wilson, 2002). According to this perspective, cognition is inseparable from the context in which it occurs. In particular, knowledge and learning are revealed in terms of increased performance across situations, rather than in terms of accumulated information. One reason for this is that cognition is assisted by ‘information-processing loops’ that use perceptual and motor systems to cross the void between the internal mind and the outside world (Smith and Conrey, 2009). Specifically, this occurs when people will use external props to manage cognitive processes (Kirsh, 2009), such as when using a calculator to split a bill at a restaurant, or an AR device to select healthy products in a supermarket. This ‘distributed cognition’ interacts with a person’s mind (schema) by coupling and decoupling attention from the immediate environment (Smallwood et al., 2011).

According to Wilson (2002), coupling of attention is reflected in what’s termed ‘online cognition’, which is characterised by immediate and reactive kind of thought. In turn, this allows the consumer to perform a range of functions including: i) support perceptual processing ii) increase processing time through predictive actions iii) allow categorisation by mapping entities and events to categories and iv) produce inferences based on categories and learned responses (Barsalou, 2008b). An interesting insight into online cognition is provided by Jordan (2009), who presents us with the idea that perception also includes forward-looking content, and it is this ‘anticipatory aspect of perception-action coupling’ that provides a subject’s perceptual space with context. In contrast to her definition of online cognition, Wilson (2002) holds that offline cognition is a reflective kind of thought that is less tied to immediate experience. Niedenthal et al. (2005), in a discussion on embodiment, state that while online cognition occurs when a subject interacts with ‘an actual social object’, offline cognition occurs when the social object is absent. This introduces the idea that physical presence is a key factor in online/offline cognition. The classical cognitivism school has typically considered cognition as an offline process (Chemero, 2009). In this situation, thoughts can be ‘decoupled’ from the current sensory environment or input stimuli to create ‘stimulus-independent thought’ (Christoff, 2012). From this, an important point is made by
Barsalou (2008a), who purports that offline processing occurs during memory and language stages, as this is when people are called upon to consider events or entities that are not immediately present.

**Augmented Reality as an Aspect of Situated Cognition**

Extensive literature in marketing demonstrates the fallibility of planned behaviour (Armitage & Conner, 2001; Verplanken et al, 1998), the significant challenges that exist in sustained application of self-control (Muraven et al., 1998), and the prevalence of impulsive choice. These challenges are symptomatic of the conflict between ‘offline’ (or attitude-driven) and ‘online’ (or sensory-driven) behaviour control systems (de Bruin and Kästner, 2012). A retail store is a classic example where these two systems are set in opposition to each other. The consumer enters the store environment with a set of partially defined goals (e.g.: a shopping list) and attempts to apply top-down control in the face of cues and stimuli often scientifically designed to entice online impulsive sensory-driven responses (Kane and Engle, 2003).

From the consumer’s perspective, in a retail setting, the unique aspect of AR technology is that it impacts decisions via the ‘online’ cognitive route. It does this by altering the immediate representation of the physical retail environment. Specifically, it adds a layer of virtual information that is superimposed on top of the physical retail store. That is, by changing the sensory input at the point of the decision, AR alters the set of information cues in the decision setting and, in turn, should change the choice behaviour of the consumer. Hence, our first expectation (H1) is that application of the AR technology congruent with the consumer’s offline goal (e.g.: healthy eating) improves the behaviour-goal consistency.

**Figure 1.** Conceptual model for the influence of AR in retail settings

The strength of AR retailing is that the ‘offline’ goal control can be automated through the AR device, allowing cognition to become more situated in the specific retail setting. Hence, our second expectation (H2) is that greater online cognition will strengthen the effect of AR proposed in H1 (fig. 1).

**Methods**

The objective of the study was to test whether AR technology congruent with the consumer’s offline goal (e.g.: healthy eating) improves the behaviour-goal consistency in a retail setting (H1), and whether this effect is enhanced with greater focus on ‘online’ cognition (H2). In addition, we tested the extent to which the immersive nature of the AR technology itself facilitates or breaks the situated cognition effect.

**Procedure.**
The study was a 3 (AR device: none vs non-immersive vs immersive) x 2 (situated cognition: online vs offline) between subject design. The task required participants (one at a time) to complete a short shopping trip where they would buy three boxes of low sugar breakfast cereal (one for 4-6 years old child, one for themselves, and one for the child’s parents who are 40-45 years old) around a typical supermarket aisle; which we recreated in our research lab (fig. 2). The low sugar focus represented the offline consumer goal. Participants in the AR device conditions used either a tablet computer (Sony Experia) or a smartphone (Samsung S4) running custom AR software that increased the salience of the low-sugar products (displayed a green border around the target product), and reduced the salience of all other products on the supermarket aisle when viewed through the device (i.e. removed colour saturation from the product image).

We manipulated the AR device factor by using different device hardware; either a Sony Experia tablet, or Samsung S4 smartphone. Both devices were fitted with the same custom AR software. However, the Sony Experia tablet represented the non-immersive device because it was bulky to hold and supported a low frame rate (7-8fps), while the Samsung S4 smartphone represented the immersive device because it was easy to hold and supported a higher frame rate (17-21fps). We extensively pre-tested the usability of both hardware devices using the UTAUT service acceptance model (Venkatesh et al., 2003). We manipulated the situated cognition factor by priming participants either towards ‘online’ or ‘offline’ cognition. Since no previous study has attempted to prime online versus offline cognition, we extensively pretested two forms of the prime; a passive prime (video which participants watched as part of the study instructions), and an active prime where participants in the online condition were asked the following question: “Think how you can pay attention to what you see in the supermarket (i.e.: products on the shelves, product labels, packaging, etc.) to figure out what to choose on the spot. In three (3) sentences tell us what you might do in the situation to help you focus your attention on the shopping task, and figure out choices right there and then.” In the offline prime, we asked the participants the following question: “Think back to your past shopping trips to a supermarket, and make a plan (i.e.: shopping list) to guide your choices. Keep your attention on the shopping list to make sure you follow your plan. In three (3) sentences tell us what you might do in the situation to help you focus your attention on the shopping list to make planned decisions.”

Figure 2. Stations that participants progressed through during the experiment.

Station 1 – participants arrive outside the lab reading instructions + primer printout question
Station 2 – participant is checked-in assigned a unique subject no. (this may have to be a 2 digit card at this stage).
Station 3 – at the terminal they enter their unique ID and proceed with the survey. At some point the survey will instruct them on their shopping task.
Station 4 – Demonstration area.
Station 5 – Participants do their shopping. (a shopping basket could work well here) and complete the loop at the shopping trolley. (Station 6)
Station 6 – Participants place their basket into the trolley and scan their items in the order of the shopping task given to them.
Station 7 – Participants return to their previously assigned terminal to complete the survey, which should also contain the payment receipt for them to sign off electronically. Participant exits through the door.
Results
A total of 338 subjects participated in the study; 191 were in the online prime condition, and 147 were in the offline prime condition. 73 did not use an AR device, 96 used the non-immersive device, and 169 used the immersive device. Repeated measures GLM revealed the main effect of the AR device use on choice of the low sugar products (F(2,332) = 40.048, p = 0.000); the main effect of situated cognition treatment (F(1,332) = 8.414, p = 0.004); and a significant effect of the interaction of the AR device and the situated cognition prime (F(2,332) = 4.461, p = 0.012). We also found that the interaction effect was primarily driven by the immersive device condition. That is, when the device was non-immersive participants followed its low sugar recommendations approximately 35% of the time and overall chose products with lower sugar regardless of the situated cognition prime. However, in the case of the immersive device, the online primed participants followed the device’s recommendations 53% of the time, whereas the offline primed participants followed the device 33%, in relation to choosing products with lower sugar.

Discussion
This study aimed to show that when information provided through Augmented Reality technology is congruent with a consumer’s ‘offline’ goals, there is an improvement in behaviour-goal consistency (H1). The findings indicate AR technology acts as a form of distributed cognition, where the AR technology keeps the consumer ‘online’ and focused on completing a task in order to satisfy their ‘offline’ goals. Moreover, when consumers are primed for (H2) ‘online’ cognition, the effect is increased. At first, this may appear oxymoronic, but closer inspection reveals the underlying effect of the AR technology. In the first instance, the consumer has a set of pre-defined goals that sit in their ‘offline’ memory stores. Ultimately though, the consumer is primed to rely on immediate, task-related (online) information, which is provided by the AR technology, in order to achieve the ‘offline’ goals. While this is happening, the AR device also provides a level of ‘immersion’ that is a critical ingredient in this process. As such, a device that offers a low level of immersion allows more ‘noise’ to enter the decision process. This ‘noise’ can include unrelated (peripheral) visual stimuli and a greater reliance on ‘offline’ memory resources. As a result, the findings show an AR device offering a higher level of immersion will be more effective in focusing attention, raising awareness and increasing the salience of online and offline primes. Not only does this represent a potential new focus in retail consumer behaviour, it demonstrates the complex relationship between sensory-level ‘online’ stimuli and the body of learned or acquired knowledge that governs our ‘offline’ cognition.

References


The Impact of Social Customer Relationship Management on Consumers’ Organic Food Purchase Behaviour

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Abstract
This study proposes a conceptual framework to capture the impact of social media on traditional Customer Relationship Management in the organic food industry. Specifically, this study examines how social media influences the purchase behavior of loyalty program members and non-loyalty program members. This study also investigates the impact of different types of social media content on consumers’ organic food purchase behavior.

Keywords: customer relationship management; social customer relationship management; organic food; customer loyalty; social media; loyalty program;
Track: Digital Marketing and Social Media

1.0 Introduction

Health trends pertaining to the food related obesity epidemic that is overtaking smoking as the primary cause of preventable disease in Australia (Hoad, Somerford, & Katzenellenbogen, 2010), has resulted in increased inquiries into the area of healthy food choice. As a result of these epidemics, many consumers are acknowledging the connection between their diet and health, and are further acting upon that knowledge (French & Hale, 2010). One way in which consumers are seeking to improve the link between their diet and health is through the consumption of organic food (Langley, 2013), reflecting these ‘new age values’ of concern with ones health, diet, nature and the environment (Beharrell & Crockett, 1992). This increasing consumer demand for organic food has resulted in recognition of organic farming as one of the top three industries expected to ‘fly’ in 2014 (IBISWorld, 2014).

This study explores the relationship between organic food consumption and social media use, in order to analyse the impact of social media use on consumers’ organic food purchase behaviour. Social media is increasingly adopted by businesses as a way to build and maintain customer relationships, transforming the nature of Customer Relationship Management (CRM) practices. Adding the element of ‘social’ to CRM processes has resulted in the term Social CRM (SCRM) in the academic literature. As SCRM draws on a strategy of social media implementation to increase customer engagement, build consumer relationships and ultimately, drive sales, it is of increasing importance to explore the impact SCRM has on consumer consumption.

While research currently highlights social media’s effectiveness in driving consumer engagement (Claussen, Kretschmer, & Mayrhofer, 2013; Miller & Tucker, 2013), little is known about social media’s influence on the purchase behaviour of CRM and non-CRM customers. Furthermore, even less is known about the effect different types of social media content have on sales. This study seeks to explore these two research gaps within the context of organic food by investigating 1) What is the impact of social media (Facebook posts) on the purchase expenditures of loyalty program members compared with non-loyalty program members?
members and 2) What types of Facebook posts are effective in driving organic food consumption.

2.0 Literature Review

2.1 Organic food
Organic food refers to ‘natural,’ ‘wholesome’ and ‘healthy’ food (Beharrell and Crockett 1992) produced through renewable sources, the best environmental practices, the application of high animal welfare standards, and without the use of synthetic fertilisers and pesticides (Magistris and Gracia 2008). The contemporary ‘organic food consumer’ has emerged as a result of lifestyle changes reflective of wider environmental and societal shifts towards a healthy lifestyle approach (Beharrell & Crockett, 1992). Transformed healthy eating habits since the 1960s, reflective of positive health and environmental friendliness, have influenced the trend towards organic foods as a means of individual self-representation (Davies et al. 1995). The stream of research surrounding organic food constructs a socio-demographic profile of the organic food consumer and addresses the motivations and barriers toward organic food consumption (refer to Figure 1).

A considerable body of evidence argues that health related factors are important drivers for organic food purchases (Cicia, Del Giudice, & Scarpa, 2002; Magistris & Gracia, 2008; Magnusson, Arvola, Hursti, Åberg, & Sjödén, 2003; Padel & Foster, 2005; Zanoli & Naspetti, 2002). Individuals’ are motivated by their self-interests and the self-benefits of organic food; that is, organic food is considered as a ‘way of life’ representing values of wholesomeness and self-transcendence (Hughner, McDonagh, Prothero, Shultz, & Stanton, 2007; Lea & Worsley, 2005; Schifferstein & Ophuis, 1998).

Concern over the environment has been found to be a further significant influence on organic food consumption (Schifferstein & Ophuis, 1998; Torjusen, Lieblein, Wandel, & Francis, 2001). It has been argued that that a concern for the environment can play a more important role in determining individual organic food consumption rather than health related motivations (Durham, 2007). Concern for the welfare of the environment has had a positive impact on organic food consumption as the process of organic farming is seen as an environmentally sustainable practice (Beharrell & Crockett, 1992).

2.2 Social Customer Relationship Management (SCRM)
A considerable body of academic and trade literature addresses the concept of Customer Relationship Management (CRM) approaches as a traditional marketing tool. Both academics and practitioners have explored the value and impact of building, maintaining and fostering relationships to enhance firm performance (Reinartz, 2004; Rindfleisch & Heide, 1997).

The concept of social media, such as Facebook, joining CRM has been recently introduced into the academic literature as the communicative empowerment of consumers is enhanced through social media (Baird & Parasnis, 2011; Chen, Fay, & Wang, 2011; Patino, Pitta, & Quinones, 2012). By applying SCRM, consumers are able to communicate with the brand and other consumers and stakeholders; thus changing the role of brands from ‘directors’ to ‘facilitators’ of two way communication with consumers (Baird & Parasnis, 2011). Facebook, in particular, has received the ‘lion’s share of attention’ in the social media space (Weinberg & Pehlivan, 2011).

The creation of online communities, such as Facebook brand pages, has broadened the nature of acquiring knowledge and disseminating information (Seraj, 2012; Weinberg &
Knowledge acquisition is an especially relevant characteristic of social media as individuals engage on brand pages for the purpose of acquiring and disseminating information (Jayanti & Singh, 2010). Consumers are turning away from traditional advertising channels in preference for social media platforms, which provide increased control over consumers’ media consumption and are perceived as more trustworthy sources of information regarding products and services than traditional mediums (Mangold & Faulds, 2009). Social media has thus become a popular advertising medium as consumers conduct their information searches and purchasing decisions on these platforms (Xiang & Gretzel, 2010).

Given the rise of social media as a preferred advertising medium by consumers, a considerable stream of social media research has observed the positive effect social media has on driving sales (Hoffman & Fodor, 2010; Kumar, Bhaskaran, Mirchandani, & Shah, 2013; Luo, Zhang, & Duan, 2013; Rishika, Kumar, Janakiraman, & Bezawada, 2013; Stephen & Galak, 2012). Further research has explored this positive effect as being facilitated by high quality, informative and trustworthy context providing social, intellectual and cultural value to consumers via social media platforms (Seraj, 2012; Smith, Fischer, & Yongjian, 2012).

3.0 Conceptual Framework

The extant research suggests consumers’ lack of knowledge about organic food is a critical barrier to organic food consumption. Research suggest an increase in organic food knowledge positively influences ones likelihood to purchase and frequent use of organic food (Aertsens, Mondelaers, Verbeke, Buyssse, & Huylenbroeck, 2011; Magistris & Gracia, 2008). SCRM has the capacity to facilitate the flow of information towards consumers and thereby increase consumers’ knowledge on certain products or brands (Jayanti & Singh, 2010; Seraj, 2012). It is therefore proposed that as social media is a trusted platform for knowledge acquisition, it can serve to mitigate the negative effect of the ‘knowledge’ barrier to consumption and thereby positively influence organic food sales. As it has been supported that informative and high quality social media content (Seraj, 2012) can drive sales and firm profitability (Goh, Heng, & Lin, 2013; Gopinath, Thomas, & Krishnamurthi, 2014; Kumar, et al., 2013; Rishika, et al., 2013), we propose:

**Proposition 1:** Social media content will have a positive impact on organic food consumption

Studies in the Customer Relationship Management (CRM) literature show how CRM processes successfully yield greater average returns per consumer and thus, firm profitability (Dowling, 2002; Reinartz, 2004; Rindfleisch & Heide, 1997). In particular, streams of CRM literature have explored this link analyzing the positive impact of loyalty reward programs on increasing customer lifetime duration and share of wallet (Meyer-Waarden, 2007), repeat purchases (Taylor & Neslin, 2005) and customer retention and value (Bolton, Kannan, & Bramlett, 2000). This research supports the view a ‘loyal’ customer belonging the loyalty rewards program is more profitable.

However, little is known about the effectiveness of SCRM processes in influencing loyalty program (LP) members’ purchase behavior. It is accepted that LP members have existing loyalty to the company through the traditional CRM program, which begs the question- what value could SCRM processes additionally provide? SCRM processes could in fact, behave as a saturation point for these LP members, whereby additional advertising attempts via these SCRM processes will be of little to no effect on LP members. We argue,
that customers who have initiated the process of joining the loyalty program recognize the benefits of organic food consumption and are frequent consumers of it. It therefore follows, that these consumers have a sufficient level of knowledge prompting them to consume organic food. We further argue that the LP members are therefore ‘de-sensitised’ to additional online promotion material through SCRM processes.

We further argue, that SCRM processes will therefore have a greater effect for non-members of the company’s loyalty reward program. These customers are not yet fully integrated in the company’s traditional CRM program and are therefore not as frequent in purchasing organic food, and perhaps, not as knowledgeable. They have however, self-selected their inclusion on the company’s Facebook page, and thus have an interest in organic food.

As we have discussed the informative value of social media, these non-LP members will benefit significantly from the information and knowledge sharing nature of the organic foods’ Facebook page. By keeping members of the company’s Facebook community up to date with information regarding organic food, consumers will increase their knowledge and consumption of organic food. We therefore draw on organic food theory to claims an increase in consumers’ knowledge about organic food will result in an increase in organic food consumption by non-LP members who are not as knowledgeable as LP members:

**Proposition 2: Social media content will have a greater positive impact on organic food consumption for non-loyalty program members**

Studies of social media suggest that different types of social media content posed on a have a significant impact on consumer engagement and sales (Goh, et al., 2013; Gopinath, et al., 2014). Minton et al. (2012) explored the different reasons in social media motives for sustainability in a cross-cultural study. Their findings cautioned advertisers from using generic sustainable advertising messages over social media. Instead, advertiser should target distinct sets of motives for sustainability that are industry and country specific. In individualist societies, they found responsibility and involvement motives consistently lead to organic food purchases. That is, individuals liked to feel ‘responsible’ for engaging in healthy eating behaviours and ‘involved’ with other consumers and companies in the process of doing so.

Drawing from the organic food literature, the two primary drivers of organic food consumption are health and environmental motivations. Combining this literature with the findings of Minton et al. (2012), ‘health’ motives are more closely in line with motives linked to a sense of responsibility and level of involvement, in comparison to environment motives, that are less individualist and more collective in nature. We therefore purport that social media content that reflect the health motivations towards organic food consumption will lead to a positive increase in organic food consumption:

**Proposition 3: Social media content reflecting ‘health motivations’ will lead to a positive increase in organic food consumption**

4.0 Conclusion

To the best of our knowledge, no study has explored the link of SCRM and CRM, and furthermore, has not explored the impact of social media in the context of organic food. Organic food consumers represent a niche group of food consumers that have in recent years, formed a unique community to express their self-identity and values towards organic food.
consumption. Social media has provided a platform in which these consumers are able to promote their healthy way of living by connecting with businesses and other like-minded individuals online. We explore this niche by analyzing if these consumers are influenced by different types of social media posts that reflect typical motivations of organic food consumption, and whether this content has an effect on sales.

From a theoretical perspective, the linking of real-world data with theory will contribute significantly to the existing knowledge of CRM and emerging SCRM literature. By drawing on consumer motivations towards organic food consumption, and incorporating this theory to link a company’s social media content and its effect on sales, our research will be of significant contribution to the organic food literature. It will also contribute to legitimizing the use of SCRM processes as new advertising tools in the marketing mix.

From a practical perspective, our research will be significant in identifying the ways in which marketers can communicate with consumers to increase healthy eating behaviours in response to the prevalent obesity epidemic. As society employs processes towards a holistic approach to health, whereby individuals are increasingly motivated to sculpt their lives through healthy eating, identifying how organic food consumption can be increased by the use of social media will have implications for organic food retailers, general food retailers at large, and policy makers who are seeking ways to reduce the effects of obesity related health issues.

Reference


Group Buying: Trick or Real? A Study of the Group Buying Feature of Social Coupons Using Augmented Clickstream Data

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Abstract
Groupon pioneered a new business model which combines the features of daily deals and group buying. This so-called social coupon industry has experienced explosive growth in recent years. After some period of evolvement, however, the group buying features of the model have been de-emphasized. In this paper, utilizing a large proprietary dataset of Groupon, we develop three hypotheses about how the group buying features affect consumer behavior and whether the current changes are for good or not. Our findings are as follows: (1) different from theoretical predictions, group buying does not stimulate referrals, no matter whether the deal is tipped or not; however (2) the information of the deal is tipped will increase purchase probability by removing consumer’s uncertainty about whether the deal can be tipped or not eventually, and it will accelerate the purchase speed; (3) the information of prior purchases affects individual’s purchase decision through the mechanism of herding rather than social learning. In general, consumers tend to make purchase decisions within half an hour after they viewed the deal for the first time. To the best of our knowledge, this study is the first of its kind to empirically investigate social coupon-related consumer behavior based on detailed consumer-level data. The findings suggest the group buying features of social coupon change consumer behavior and affect sales. This study also provides an example of using Web analytics tools to augment clickstream data and consolidate information from other sources. It sheds lights on how we can deal with big data to generate business insights. This study contributes to the online marketing literature in general and to the social coupon industry in particular.

Keywords: Social Coupon; Daily Deal; Assurance Contract; Clickstream Data; Data Augmentation
Track: Digital marketing and social media

Introduction
Groupon has generated great buzz since its creation in 2008. The CEO appeared on the cover of Forbes and labelled “the next web phenom”. It is not the first website that provides coupons with deep discounts but Groupon pioneered a new business model that combines two features, daily deals and group buying. Soon this so-called social coupon has become an important marketing strategy [Kumar and Rajan, 2012]. The deals come from a variety of product categories such as local restaurants, dance classes and consumption goods. New deals become available at midnight and usually last for one day, ending at another midnight. Once deals have expired, consumers can no longer purchase them. So people need to “act now”. This is nothing new but “Groupon’s” innovation is the collective buying model suggested by its name: group plus coupon. A certain number of people need to buy into any given deal

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12 This work was supported by grants from the Research Grants Council of the Hong Kong SAR (Project No. 24500214).
before it kicks in, or "tips" in Groupon parlance”.14 If the deal is not tipped which means the predetermined number is not met, no one can redeem the coupon. This group buying feature was something that differentiates Groupon from other earlier models in helping to build its name.

From the merchants’ perspective, the group buying feature reduces their risks in the way that they may treat these minimum amounts as “quantity discounts”. Groupon reinforces this by making the relevant information salient on its deals’ webpages. Information such as whether the deal is tipped, when it is tipped and the tipping point was displayed instantaneously right below the exact number of prior purchases of the deal. Moreover, consumers would receive a separate email notifying them whether the deal was “on” or not after they receive the email confirming their coupon purchases. However, over the years, several changes have been made. The information about tipping point was removed and the exact prior purchase number is replaced by an approximation15. Now the question is would this change be beneficial to Groupon? How would the knowledge of tipping point and prior purchases affect consumer behavior? To answer these questions we develop three hypotheses based on previous literature and use the real world data to investigate them.

This large proprietary dataset comes from a third-party online marketing research firm in the U.S. It consists the complete clickstream within a browsing session of people who log onto Groupon website between January to March 2011. It is unique in the following sense: first of all, previous researches usually use the clickstream data on a specific website, but they have no knowledge about consumer behaviors on other websites [Luo et al., 2013, Song et al., 2012]. Here, we have individual clickstreams within the entire browsing session. So we know what other websites the customer has visited before, after and at the same time when visiting Groupon. Secondly, some researchers have argued that the way people used to collect clickstream data do not record the content of the page but only the URL, which is its biggest limitation [Montgomery et al., 2004]. In the current study, however, we augment the behavior information based on URL with detailed webpage contents. Based on the Groupon URLs we use social computing techniques [Du et al., 2009] to “crawl” the detailed information on the retrieved webpage. Thirdly, the previous empirical work on Groupon used deal level information [Li and Wu, 2013] to infer individual behavior. Here we directly observe individual behavior.

**Hypotheses and literature review**

On social coupon websites, the use of tipping point and the revelation of deal purchase status create an "assurance contract”16. Theoretically, [Jing and Xie, 2011] showed that the coupon purchasers would want the deal to reach the tipping point so that he can redeem his coupon. So social coupon can motivate individual to act as a sales agent and promote the deal to others in order to ensure that the minimum limit is met. When compared with individual-selling and referral-reward programs, the social coupon is a more profitable selling tool [Jing and Xie, 2011]. Moreover, as the tipping status is displayed on the webpage, if the customer notice the deal is not yet tipped when he purchase the deal, he is more likely to refer the deal comparing to the situation when the deal is already tipped. So here is our first hypothesis,

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15 Groupon explains that as most deal tipped within minutes of being featured, this tipping information becomes useless.
16 http://en.wikipedia.org/wiki/Groupon
H1: The assurance contract mechanism on social coupon websites will motivate the consumers’ referral behavior such as using Facebook, Twitter and emails to refer the deals to others. Therefore, consumers are more likely to do so if the deals are not tipped yet when they purchase them.

The study of tipping point on social coupon websites is rare to find but in microlending literature, researchers have found behavior changes before and after the tipping point [Ceyhan et al., 2011, Herzenstein et al., 2011, Zhang and Liu, 2012]. Different from those websites, consumer can only choose purchase or not on social coupon website and Groupon always has the sign of “limited quantity available” on the webpage so the competition among potential buyers would be the same before and after the tipping point. However, same with microlending, deals that fail to reach the minimum purchase quantities cannot be redeemed. Although the money will not be charged, they incur opportunity costs. Furthermore, the information of whether the deal is tipped might stimulate the purchasing process and make the consideration time shorter, due to the removal of the uncertainty with the purchase decision. So we have the second hypothesis.

H2: Consumers are more likely to purchase tipped deals. It is because the information of tipped deal removes the consumers’ concern about whether the deal will tip or not. Hence, the purchase speed is faster when the deal is tipped.

Another important feature with social coupon is the real-time progress bar, by which consumers can monitor the coupon sales conveniently. In addition to the information about tipping point, Groupon made the numbers of coupons of the deal that have been sold very salient by using a larger letter font and placing at the center. On social coupon, [Li and Wu, 2013] and [Luo et al., 2013] found that the more coupons purchased by others the higher purchase likelihood of the focal customer. Here we want to differentiate two mechanisms that can both explain this phenomenon: herding and social learning [Young, 2009] . Different marketing strategies would be recommended based on different mechanisms. We will use two strategies. Firstly, following Young [2009], we will uses simple graphs about purchase speed and acceleration rate to tell them apart. This is not identification strategy but will fully utilize the abundant data we have. Secondly, we will confirm the finding using the identification strategy in [Zhang and Liu, 2012], which uses the information regarding the public information about the quality of the deal. In addition, we will look at the temporal purchase data and the distribution of the time lapse between purchase and first view. Thus we have our third hypothesis:

H3: The more people have purchased the deal, the more likely the next person coming to the deal will purchase it. This social influence can by largely explained by herding rather than social learning.

Data and the variables constructed
The ability of websites to track the behavior of their visitors has resulted in a large amount of available clickstream data. However, they were usually only considered as a rich source of user behavior information [Moe and Fader, 2004]. Here using web analytic tools, we are able to augment the raw data to three datasets which contain detailed information regarding online behavior, deal characteristics and individual demographics.

The raw data consists four columns: the unique individual identifier (UID), date, time stamp and the specific uniform resource locator (URL). Overall, the data is 28.2 Gigabyte in size.
and contains 156,425,702 records. There are 186,756 unique individuals who have visited Groupon at least once during the sample period.

We construct the behavior dataset based on the URL syntax and the query strings embedded in the URL. The second dataset contains deal specific variables. Augmenting using API provided by Groupon17, We extract back-end deal characteristics. The third dataset contains demographic information for each individual. We identify the location and registration status of each individual by the URLs of the deals they receive.

Findings
Utilizing a large proprietary dataset of clickstream data from Groupon and augmenting it with information crawled by APIs, we investigate the three hypotheses regarding the group buying feature of social coupon. Table 1 illustrates one example of the analysis conducted in the current paper. Unlike what has been predicted by theory, there are very few referrals from consumers. However, people who are referred to the deal by commercial ads and Twitter are more likely to refer. This indicates the usefulness for social coupon websites to spend resource on commercial ads and manage their own accounts on Twitter. They should think of ways other than assurance contract mechanism to encourage referral. Groupon have incentive for referrals of membership. It may also consider the incentive for referring deals.

We find that the information on tipping point will not affect the referral behavior but will affect purchase probability and the consideration time people spend on making purchase decisions. A plausible explanation for this is because the information removes consumers’ uncertainty about whether the deal will tip or not. So if the social coupon company keeps using tipping point as a strategy to attract retailers, it should reveal the information on the progress bar of the webpage as it used to do.

Lastly, herding plays an important role in create purchase momentum and driving sales. Combing the knowledge of consumers’ purchase pattern, we suggest Groupon to stimulate the momentum early on the day. Hence it should think about ways to reward people who purchase during the first few hours. Once the herding forms, the deal will get sold out quickly. The findings suggest the group buying features of social coupon change consumer behavior and affect sales. For future study, we will look at the other feature, daily deal, of social coupon in more details. We will model consumer purchase behaviors toward daily deals.

References


Iyengar, Raghuram, Christophe Van den Bulte and Jeonghye Choi (2011), Distinguishing among multiple mechanisms of social contagion: social learning versus normative legitimation in new product adoption, working paper

17 https://www.groupon.com/pages/api


**Table 1: Regression of Social Influence with Purchase as DV**

<table>
<thead>
<tr>
<th>VARIABLES</th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tipping Point</td>
<td>First Hour</td>
<td>Learning</td>
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<td>prior_purchase</td>
<td>0.309*</td>
<td>0.518***</td>
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<td></td>
<td>(0.162)</td>
<td>(0.192)</td>
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<td>tipped_status_view</td>
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<td>0.313***</td>
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<td>(0.0493)</td>
<td>(0.0464)</td>
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<td>2.768***</td>
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<td></td>
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<td>(0.00196)</td>
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<td>-0.0949</td>
<td></td>
</tr>
<tr>
<td>Term</td>
<td>Coefficient</td>
<td>Standard Error</td>
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<td>-----------------------------</td>
<td>-------------</td>
<td>----------------</td>
<td></td>
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<td>Pop (normalized total sales)</td>
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<tr>
<td>Constant</td>
<td>-2.378*</td>
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<td></td>
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</table>

Source Medium fixed effects: Yes, Yes, Yes
Category fixed effect: Yes, Yes, Yes
Time of day fixed effects: Yes, Yes, Yes
Individual fixed effects: Yes, No, Yes
Observations: 114,432, 2,054, 114,432
Log Likelihood: -11528.067, -414,599, -11999.381

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1
The Influence of Perceived Social Capital on Reciprocity in Chinese Social Media

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Abstract
The appeal and functioning of the virtual communities in social networking sites (SNSs) depends on reciprocal behaviours. This paper explores the effects of social capital and social distance on reciprocity in social media, using a sample of 800 users in the context of China’s largest SNS. The concepts of bridging social capital (how many people you know) and bonding social capital (what you do for the community) were operationalised, and consistent effects were found. Discrepancies in relative levels of combined capital, bridging capital and bonding capital all directly affect the likelihood of reciprocity (more capital generates more reciprocation). Discrepancies in bridging capital (number of followers) strongly affect reciprocal behaviour. Discrepancies in bonding capital (number of postings) are significant, but less important, and the two forms of capital do not interact. We conclude with observations on the aspects of this study that do, and do not, generalise to other contexts.

Keywords: Reciprocity, Social Capital, Social media, Social networking sites, Sina Weibo
Track: Digital Marketing and Social Media

Introduction
Reciprocity has been studied in a variety of disciplines including social psychology, evolutionary biology and cultural anthropology (e.g. Gouldner, 1960; Blau, 1964; Sahlins, 1972), but has received little attention in marketing and social media research. Reciprocity has been observed as a universal phenomenon in many forms of social communities (Burgoon et al., 2002), and is commonly seen as a norm (Cialdini, 1993). Reciprocity is also important in the virtual communities of Social Networking Sites (SNSs) such as Facebook, Twitter and Weibo, the largest Chinese SNS (Leider et al., 2009).

The increasing popularity of SNSs has made them important channels for marketing-related phenomena, including peer-to-peer word of mouth, commercial advertising, and online retailing activities. SNSs grow only because they create value through reciprocal exchange of emotional support, information and knowledge. Indeed, one can argue that without reciprocal behaviours, these sites would be neither social nor networked.

One simple behaviour sets the groundwork for future reciprocity in an SNS: following. By choosing to follow another person, an individual user adds that person to their network in a limited capacity. Because following is a unilateral action, it is not a reciprocal act. The follower can see the activities of those people they follow, but not vice-versa. Following is, however, a precursor or precondition for the most common forms of reciprocity, including “following back” (in Weibo, the Chinese version of Twitter) or “friending” (in Facebook). There are subtle differences between friending and following back. A friend request is a direct invitation to become part of a reciprocal network. It is an explicit request for reciprocity, and acceptance always results in bidirectional information sharing. Simply being followed is not an explicit invitation to reciprocate. Nonetheless, being followed is commonly viewed as an implicit request for following back, simply because most people engage in reciprocity as a
social norm (Cialdini, 1993). Studying following back behaviour provides interesting insights into the conditions under which people do and do not reciprocate.

Although reciprocity is commonly seen as a norm in the real world, this is not always true of social networks. Two key factors appear to dilute reciprocal behaviours in the virtual world: the common anonymity of social network setting and the virtual nature of the Internet. In many social networks (including Weibo) every user has a pseudonym. Users’ actual identities are unknown, and any social interactions in the SNS (positive or negative) will have no real world implications. This allows strangers to make and break social connections relatively more freely. One the other hand, users often experience a sense of insecurity because they lack knowledge about the people with whom they interact. Therefore, when information is scarce, even limited information such as that contained a social profile becomes salient.

Previous research showed that social profiles in SNSs are a critical impression management tool. Profile information is interpreted as indicating a user’s social capital and/or status (e.g., Brown et al., 2007). In the case of Weibo, the social profiles include pseudonyms, the number of followers, and the number of posts they have made. Even this brief information effectively signals a users’ reputation, the resources they possess (number of followers) and their engagement with the community (number of postings).

Manipulating these indicators of social capital provides a useful way to assess their effects on reciprocity in a quasi-experimental design. We have chosen to operationalise social capital in two forms: bridging social capital (roughly, how many people you know) and bonding social capital (what you do for the community). Each form of capital is expected have somewhat different effects on reciprocity. Our key research question is: what is the effect of perceived social capital on reciprocity behaviours in Chinese social media?

Literature Review: The Concept of Reciprocity

The origin of the word reciprocity can be traced to the 17th century French term réciprocité, literally meaning “moving backwards and forwards.” A current definition is “exchanging things with others for mutual benefits” (Oxford Dictionaries Online, 2013). Reciprocity is a behavioural norm, often stated as the “golden rule,” or treating others as you would wish to be treated yourself. Some version of the golden rule appears in most religions and cultures. In China, reciprocity is the best-known and most respected social norm in everyday life. The Chinese expression for reciprocity is Lishang Wanglai, 礼尚往来. Literally, this translates as Lishang (moral judgment, specifically towards respect or courtesy) Wanglai (social exchange). An approximate English interpretation of Lishang Wanglai would be a process of social exchange, based upon respect, courtesy, and common etiquette, which is extensively used to guide social practice in the Chinese society. The norm of reciprocity in China is followed more closely than in Western cultures, often including a stronger sense of obligation, and a lesser sense of altruism.

The effects of reciprocity can be nonlinear. A Chinese proverb states: “If you have received a drop of beneficence from other people, you should return to them a fountain of beneficence” (Hwang, 1987). The value of a reciprocal action varies across individuals, and may be unequal on two sides of a dyad. A high status individual can follow another user with only trivial effort, the mere click of their mouse. However, the value of that minor action may be quite large (“a fountain of beneficence”) from the perspective of a lower-status recipient.

Theories of Reciprocity

Reciprocity has received significant attention from theorists. Foundational research includes reciprocal action theory (Gouldner 1960) and social exchange theory (Blau 1964). Each
theory suggests that action taken by one party in an exchange relationship will be reciprocated in kind. This implies that actions may be contingent on expected future rewards from others, leading to a mutually gratifying pattern of exchange of resources.

Foa’s (1971) resource exchange theory extended Gouldner’s work by specifying the pattern of resource exchange between two or more social units and contended that an individual’s power and tendency to engage in reciprocal exchange depends on their possession of different types of resources. Individuals in positions of power, and hence able to offer more resources, would expect greater reciprocation. This formulation explicitly suggests that unbalanced power positions affect reciprocity in personal relationships.

Equity theory (Cohen & Greenberg, 1982) expanded on this idea by focusing on individual perceptions of fairness in social exchange. In general, individuals expect equity in exchanges, suggesting that reciprocal actions should tend towards roughly equal levels. If individuals perceive inequity, there are two ways to restore balance to the relationship: by altering their outputs or inputs, or by distorting self-perceptions of the value of their outputs and inputs compared with other participants’ (Walster et al., 1973). This concept requires additional theory to provide insight into the effects perceived differences in individual social status.

The Concept of Social Capital

Nahapiet and Ghoshal (1998) defined social capital as the sum of the actual and potential resources embedded within, available through and derived from the network of relationships possessed by an individual or social unit. More specifically, Dekker and Uslaner (2001) described social capital as the value of social networks, including how people influence each other – bridging between diverse people, interacting with each other, and bonding similar people – using norms of reciprocity. The key tenets of social capital theory are that social relationships among people can be productive resources (Coleman, 1988) and that social capital facilitates coordination and cooperation for mutual benefits (Putnam, 1995).

Building on Nahapiet and Ghoshal (1998), Tsai and Ghoshal (1998) empirically studied how social capital facilitates reciprocal behaviour, such as resource exchange within the organisation. However, SNSs differ notably from physical organisational settings. Individuals interact in a relatively lean environment (typically text only, sometimes supplemented with photographs). Furthermore, many interactions occur using pseudonyms, and few online actions are likely to have ongoing real-world interactions between users. Consequently, it is unclear whether the effects of social capital on reciprocal behaviour seen in organisation settings could be generalised to SNSs.

Hypotheses

Bridging social capital (Putnam, 1995) is a form of social status that embodies the value of a user’s total network. In this context, bridging social capital is defined as the ability of an individual to influence others in the social network. It is operationalised here by manipulating the number of followers of a simulated SNS user profile. A discrepancy in the number of followers between users indicates differences in the level of bridging social capital, and is an effective measure of social distance. Prior research outside the SNS context (e.g., Greenberg, 1986) has found that greater the social distance between individuals, the more indebted the lower-status individuals will feel about social initiatives from higher-status persons. This increases the motivation of lower-status individuals to reduce the inequity, suggesting more likelihood to reciprocate. Following this logic, we hypothesise a direct effect:

\[ H1: \text{The greater the discrepancy in bridging social capital (followers) between two social network users, the greater the likelihood that the lower-status user will reciprocate an action from a higher-status user.} \]
Bonding social capital (Putnam, 1995) indicates the presence of mutually supportive relationships. In this context, bonding social capital is defined as the extent to which a user invests time and effort in the network community. It is operationalised here by manipulating the number of postings of a simulated SNS user profile. Members with higher bonding social capital are held in higher esteem by the community (Portes, 1998). This behaviour can be altruistic, but members also expect a level of “indirect reciprocity” (Fehr & Gachter, 2000), a general belief that if they support the community now, the community will reciprocate for them in the future. Based on this background, we hypothesise a second direct effect:

\[ H2: \text{The greater the discrepancy in bonding social capital (postings) between two social network users, the greater the likelihood that the less-esteemed user will reciprocate an action from a more-esteemed user.} \]

A user’s total number of followers (bridging social capital) is typically displayed in a prominent position on social profile pages. In an exploratory study, respondents suggested this information was an important influence on their likelihood to reciprocate by following back. Furthermore, the effects of bridging capital (followers) were described as dominating the effects of bonding capital (postings). It also appears that bridging social capital (how many people you know) is an important influence before joining someone’s network. Bonding social capital (what you do) is more important after the joining the network. Based on these differences, we hypothesise no interaction between bridging and bonding social capital in this context:

\[ H3: \text{Discrepancies in bonding social capital (postings) between two social network users will not interact with differences in bridging social capital (followers) to affect the likelihood of reciprocity.} \]

We believe that interaction (multiplicative) effects are unlikely between bridging and bonding capital. However, we do expect there are at least additive effects. Users with more followers and postings should be perceived as having greater combined social capital, and this will increase the likelihood of reciprocity

\[ H4: \text{The greater the discrepancy in combined social capital (bridging/followers + bonding/postings) between two social network users, the greater the likelihood that the lower-capital individual will reciprocate an action from a higher-capital individual.} \]

**Methodology**

Participants were recruited from an online panel in China conducted by the Sina Weibo (Weibo) social network, the largest SNS in China. Weibo is similar to Twitter, and all users interact using pseudonyms. Weibo has approximately 500 million registered users, and a 90% market share of the Chinese social network services. A sample of 800 users was randomly selected, and includes users from 26 out of 35 provincial areas in China. This sample is representative of the Chinese social media community: large, randomly selected from the dominant social network, and covers the majority of the country.

Participants were randomly assigned to one of four conditions in a 2×2 balanced design (Table 1). Bridging social capital was manipulated at two levels, higher or lower than the participant. Users were shown a simulated user profile containing either a higher or lower number of followers than the participant. Similarly, bonding social capital was also manipulated at two levels, higher or lower than the participant, presented in the same way. Participants were told that the simulated user profile represented a stranger they did not know. A simulated social profile was shown to each participant with the number of followers (representing bridging social capital) and number of postings (representing bonding social)
clearly visible. Under each condition, participants were instructed to assess the simulated Weibo user’s profile relative to their own profile, and then asked questions about their likelihood of reciprocating an initiative from the simulated user.

Table 1: 2 × 2 Full-Factorial Experimental Design

<table>
<thead>
<tr>
<th>Concept: Bridging Social Capital</th>
<th>Operationalisation: Number of Followers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concept: Bonding Social Capital</td>
<td>Lower number of followers &amp; Lower number of postings</td>
</tr>
<tr>
<td>Scenario 1 (n=200)</td>
<td>Scenarios 2 (n=200)</td>
</tr>
<tr>
<td>Lower number of followers &amp;</td>
<td>Higher number of followers &amp;</td>
</tr>
<tr>
<td>Higher number of postings</td>
<td>Lower number of postings</td>
</tr>
</tbody>
</table>

Results

Manipulation checks were performed using independent sample t-tests to ensure that participants had perceived the manipulated differences in the numbers of followers (bridging) and postings (bonding). Both manipulations for bridging (t = 18.1, p-value < .001) and bonding (t =6.7, p-value< .001) social capital showed significant results, hence the manipulations were successful in conveying the planned scenarios.

Hypothesis tests were conducted using a two-way ANOVA model. The ANOVA results (Table 2) showed that the overall model is highly significant (F = 6.6, P < 0.001).

Table 2: Two-way ANOVA - Tests of Between-Subjects Effects

<table>
<thead>
<tr>
<th>Dependent Variable: When A “followed” you on Weibo, how likely are you going to follow back on A?</th>
<th>Type III df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corrected Model</td>
<td>72.200</td>
<td>24.067</td>
<td>6.629</td>
<td>.00</td>
</tr>
<tr>
<td></td>
<td>37373.780</td>
<td>10293.8</td>
<td>.00</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>52.020</td>
<td>52.020</td>
<td>14.328</td>
<td>.00</td>
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<td></td>
<td>15.680</td>
<td>15.680</td>
<td>4.319</td>
<td>.03</td>
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<tr>
<td></td>
<td>4.500</td>
<td>4.500</td>
<td>1.239</td>
<td>.26</td>
</tr>
<tr>
<td></td>
<td>2890.020</td>
<td>3.631</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Bridging Social Capital</td>
<td>52.020</td>
<td>52.020</td>
<td>14.328</td>
<td>.00</td>
</tr>
<tr>
<td>Bonding Social Capital</td>
<td>15.680</td>
<td>15.680</td>
<td>4.319</td>
<td>.03</td>
</tr>
<tr>
<td>Bridging Social Capital x Bonding Social Capital</td>
<td>4.500</td>
<td>4.500</td>
<td>1.239</td>
<td>.26</td>
</tr>
<tr>
<td>Error</td>
<td>2890.020</td>
<td>3.631</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>40336.000</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Corrected Total</td>
<td>2962.220</td>
<td>79</td>
<td>9</td>
<td>0</td>
</tr>
</tbody>
</table>

Hypothesis 1 stated that discrepancies in bridging social capital would have a significant positive direct effect on the likelihood of reciprocal action. Findings indicate strong support for Hypothesis 1 (F = 14.3, p-value < .001). Mean comparisons revealed that participants were significantly more likely to reciprocate in the higher bridging capital condition (more followers) than in the lower capital condition (t =3.8, p-value < .001). Therefore, we
conclude that greater the differential in bridging capital between two individuals, the more likely it is that the lower capital individual will reciprocate.

Hypothesis 2 stated that discrepancies in bonding social capital would have a significant positive direct effect on the likelihood of reciprocal action. Findings indicate significant support for Hypothesis 2 ($F = 4.3$, $p$-value <.038), although it is clear that the effects of bonding capital are smaller than those for bridging social capital. Mean comparisons revealed that participants were significantly more likely to reciprocate in the higher bonding capital condition (more postings) than in the lower capital condition ($t =2.1$, $p$-value <.04).

Hypothesis 3 stated that there would be no significant interaction effects between bridging and bonding social capital on the likelihood of reciprocal action. Findings indicated that Hypothesis 3 is also supported, with the ANOVA indicating the lack of any significant interaction effect ($F = 1.24$, $p$-value <.266).

Hypothesis 4 stated that discrepancies in combined social capital (bridging + bonding) would have a significant positive direct effect on the likelihood of reciprocity. Mean comparisons indicate higher combined capital leads to higher likelihood of reciprocity. Figure 1 shows mean results by scenario. In all conditions, higher discrepancies in bridging social capital dominated, consistently leading to a higher likelihood of reciprocity regardless of the level of bonding social capital. This comparison held true for Scenario 1 (lower bridging and bonding) vs. Scenario 2 (higher bridging, lower bonding) ($t=3.3$, $p$-value <.001), as well as comparisons between Scenario 3 (lower bridging, higher bonding) vs. Scenario 4 (higher bridging and bonding) ($t=2.0$, $p$-value <.048).

Figure 1: Profile Means for No-interaction Two-way ANOVA

As expected, the effects are strongest when comparing the most extreme scenarios: Scenario 4 (highest combined social capital) vs. Scenario 1 (lowest combined social capital). The mean comparisons of Scenarios 1 and 4 ($t=4.2$, $p$-value <.001) showed that the reciprocity is significantly more likely to be triggered by the highest combined social capital. Therefore, Hypothesis 4 is supported, further strengthening the broad findings that perceived social capital does affect reciprocity behaviours.

Overall, all four hypotheses are supported. The overall effect is shown in the finding that discrepancies in combined social capital affect the likelihood of reciprocity (more capital generates more reciprocation). The impact of discrepancies in bridging social capital (number of followers, or how many people you know) on reciprocal behaviour is strongly supported. The impact of discrepancies in bonding social capital (number of postings, or what you do)
also showed statistical significance, but its practical relevance is clearly less important in the initial following back decision. Finally, we found that bridging (followers) and bonding social capital (postings) have different effects, and do not interact.

Discussion
Virtual communities are becoming increasingly important. The functioning of SNSs, and the effectiveness of commerce transacted within them, depends on reciprocal behaviours, but there is little prior research in this area. This research has attempted to fill the gap in understanding how relevant and well-studied social constructs from the physical world, such as reciprocity and social capital, may operate in a virtual environment.

Our findings show that one number really matters in increasing reciprocity: the number of followers. This is a clear indicator of bridging social capital and the strength of one’s network. This finding in an SNS corresponds well with the importance of personal social networks in conducting real-world business in China. It also suggests that Chinese SNS users may respect individuals with more extensive connections than themselves, which is consistent with a culture characterised by high power distances and strong respect for social status.

These findings indicate that basic principles around reciprocity and social capital, which were largely developed in a Western context, also apply to a Chinese SNS context. We speculate that the same general principles may hold in a Western SNS context, but that the effects are likely to be weaker. This is because the drivers of reciprocity that we found here—disparities in social distance operationalised in terms of social capital—are better understood, more central, and more closely adhered to in the East. Therefore future cross-cultural studies could be beneficial to reveal potential differences in reciprocity between the East and West.

References


Facing the Digitization of (Almost) Everything through a Digital-Dominant Marketing Logic

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Abstract

The technological age of digitalization of almost the entire global economy (running from about 2011 to 2020) is now into its third and most transformational phase. A “Second Machine Age” characterized by digitization and connectivity to the Internet (the Internet of Things) is driving relentless innovation and transforming business activities, entities and ecosystems. Service-Oriented ecosystems using ICT to stimulate new forms of service value were presented by Vargo & Luch (2011), and SD-Logic can be viewed as an effective perspective for exploring development of new information-based services through advancing digitization. Foundation premises of Service-Dominant Logic Marketing (SD-Logic) are revised to reflect a Digital-Dominant Logic (DD-Logic) perspective of innovation and marketing positioned toward an environment of global digitized economies. A Digital-Dominant Logic perspective points toward fundamental challenges for defining key business and marketing concepts such as ‘customers’, ‘actors’, ‘value’ and what is ‘marketing’ in an almost completely digitized global economy.

Keywords: Digitization, Service-Dominant, Digital-Dominant, Ecosystems, Marketing
Track: Digital Marketing and Social Media

1.0 The Age of Digitization of (Almost) the Entire Global Economy

The world is now into the last third and most transformational trimester of a technological age of digitalization of almost the entire global economy. Perez (2010), outlined the 5th Age of Technological Revolution since the onset of the Industrial Revolution as commencing in 1971 with the release of the microprocessor, focused on the computerization (digitization) of the global economy.

Pattinson (2014) views the 5th Age as running for about 50-60 years (about 1971 to 2020-2030), subdivided into three phases:

1. 1971-1991: “Emergence of Information and Communications Technology (ICT)”: Development of software-driven microprocessor-based software-driven computer systems, networks, telecommunications and media systems; Personal Computers “democratising” computing to individuals, schools and homes; Development of the Internet for military and academic use
2. 1991-2010: “New Economy”: The Internet opened to the public with user-friendly interface and access through the World-Wide Web (Web), distinct medium for creating, storing and sharing information; Development of the Web into a platform supporting business, government, community and social activities (including e-business, e-commerce, social media)
3. 2011-2020-30?: “Digital Economy”: Digitization of business, government, community and social entities and activities. Digital rendering of actors, actions and resources: Almost everything is connected to the Internet - The Internet of Things

The 3rd Digital Economy phase will push digitization to dominate global economic growth and activity for the next five to twenty years.
1.1 The Second Machine Age

Brynjolfsson & McAfee (2014) offer a similar though less defined timeframe as the “Second Machine Age” where almost everything will be digitized. Exponential growth of microprocessor performance (Moore’s Law holding from 1971 to 2012), mobile network connections (Metcalfe’s Law from about 2005 to 2014), sensors and devices connecting to the Internet (from about 2005 to about 2025), will be joined by similar growth in and information flows and services using software as the medium through where digitization actually occurs. All of these technologies (with others) produce powerful combinatorial effects as a digital platform containing techno-economic innovation principles and capabilities for application to new products, services and processes through relentless innovation.

Brynjolfsson & McAfee (2014) highlight examples of complex digital applications taking years of relentless and often initially negative results and criticism. In March 2004, DARPA set up the Grand Challenge Event, a 150-mile course through the Mojave Desert, to encourage development ‘autonomous vehicles’. On the day of the event just four cars out of 24 entered were operational, three hours into the race – and only one car covered up to 7.4 miles or less than 5 per cent of the course before becoming stuck on an embankment. The Grand Challenge Event was regarded by Popular Scientist as ‘DARPA’s Debacle in the Desert’.

But that was not the end of the story – over the next five to six years the innovators kept innovating relentlessly and Google announced an operational version of its driverless car in 2010. By 2012 Google’s driverless car fleet had clocked up hundreds of thousands of miles and by 2015/16 may be headed for larger commercial release. (Adapted from Brynjolfson and McAfee, 2014, 18-19).

Relentless innovation not only will see a burst of versions of the now developed driverless car technology system but a rush of scenarios of applications for them. A scenario of substantial numbers of driverless taxis might have seemed to be unthinkable in 2010 but seems to be more realistic from 2015-2020.

Brynjolfson and McAfee (2014) also highlight how notions of relentless innovation perhaps left us with mindsets of ‘artificial human intelligence’ being back at the level of IBM’s ‘Deep Blue’ computer beating world chess champion Gary Kasparov – but that was on 11 May 1997 – over 17 years ago!! Big Blue beating the world chess champion was a great feat at the time but way short of the high levels of intelligence required for addressing complex and ambiguous or fuzzy problems. But of course relentless innovation for the following twelve to thirteen years saw ‘Deep Blue’ transform into ‘Watson’ a computer that managed to defeat two quiz champions from the Jeopardy quiz show in 2011 – and then went to enroll for the equivalent of a medical school. . (Adapted from Brynjolfson and McAfee, 2014, 24-27)

While we cannot be certain that even most advanced systems or problems can be digitized within a “foreseeable future”, relentless digital innovation is likely to produce new technologies, platforms and solutions to address them – and then to open up new possibilities and challenges associated with them. Such relentless innovation can be viewed through an emergence or complexity lens where transformation – if or when it occurs – emerges at
levels outside most standard diffusion or adoption boundaries and overwhelms conventional marketing, strategy and business development thinking.

Nevertheless despite such relentless innovation, a “Cambrian” type explosion of technological and business activity may not take off at all – or it may suddenly slip into pervasiveness or ubiquity. In the mid-1990’s connection of PC’s to the Internet doubled every two months but then became ubiquitous. Applications such as Web Browsers exploded in terms of usage, market-share and valuation in the mid-1990’s – but by the late 1990’s, they had become a free pervasive hygiene factor for accessing information online. While adoption rates of mobile devices and sensors to be connected to the Internet are orders of magnitude higher than previous technology adoption and diffusion levels, they also may quickly reach a point of ‘completeness’ such that they become ubiquitous or pervasive.

Discernment of digital emergence and then digital pervasiveness or ubiquity are the two most difficult challenges for marketers, innovators, business developers and entrepreneurs now and for the next five to ten years.

1.2 Full Digital Innovation Cycles

As we proceed through the Digital Economy phase of the technological age of digitalization, ‘near full’ digital innovation from ideation through to fabrication and delivery is imminent. Advancing additive manufacturing through subsystems such as 3D and Bio-Printing are setting up digitization at least to the point where layers of ink made of various durable materials can be built up to produce customized physical shapes, objects and aggregated into advanced technology systems and subsystems. Rapidly falling costs in 3D Printing systems are enabling SME’s, mid-size businesses and even individuals to design, develop and produce highly customized products and services.

Further additive manufacturing developments with nano-technology and sensor-infused biological building blocks (‘voxels’) will enable near as fully digitized innovation and production by 2020-2025 (Pattinson, 2014, Lipman & Kurman, 2013).

1.3 Rendering Digital – and Digital Business Ecosystems

A key techno-economic innovation principle for digitization of the Global Economy is “rendering digital”. For Phases one and two of the technological age of digitization, information systems largely supported business, institutional and social systems, networks and activities. However, developments in visual rendering through virtual and augmented reality and advancing intelligent semantic systems capable or learning and acting on “meaning” are challenging our notions of what can and could be rendered digitally. Information technology and computing science use an ecosystems perspective to map elements of Information and Communications Technology into an information platform – to support and render business activities and networks into digital form.

The European Commission, Director General -Information Society and Media outlined definitions, policy and recommendations for development of Digital Business Ecosystems highlighting links between real business networks and the digitally rendered version of them (Nichera et al. 2007, 11) - See Figure 1.
2.0 Digital Business Ecosystems, Service-Dominant Logic Marketing and Digitized Value Creation

So far we have highlighted digitization and rendering within an ecosystem to support business activities. Service-oriented ecosystems where ICT can stimulate adoption of Service-Dominant Logic (SD-Logic) were discussed by Vargo & Lusch (2011). This perspective essentially developed out of the second ‘New Economy’ phase of the Age of Digitization of the Global Economy based on a “Digital through a Service-Centric Approach’. The second ‘New Economy’ phase stimulated transition of ICT companies from a Goods-Dominant Logic (e.g. Big Blue and “iron’ for computers) to the rise of service-centric consulting businesses (e.g. IBM Global Services) and new generations of service-focused online businesses such as Amazon and Apple.

The advent of a platform perspective in the second ‘New Economy’ phase promoted standardization of development of hardware, networking and software - including the Worldwide Web. Web 2.0 – the Web as a platform not only enabled development of advanced online applications, but also viewed activities as “services” (Pattinson, 2014, 800). Analysis of applications, technologies and related systems and subsystems from a Service-Dominant perspective as operant resources opens up huge opportunities for exploring new forms of possible co-created value and services. SD-Logic represents a very good approach for exploring new possible services, activities, events and information flows associated with advancing digitization. SD-Logic supporters have a strong case to put that such an approach may be sufficient for any new and emerging value creation and enhancement for the foreseeable future.

3.0 Service or Digital-Dominant Logic Marketing in the Face of the Digitalization of (Almost) Everything?

What if digitally rendered ecosystems became intelligent enough to match or dominate actual business, institution, social and individual ecosystems, networks and activities?
An almost completely digitized economy will require a highly advanced and intelligent overall digital business, government, community and social ecosystem capable of creating and developing new businesses and business networks. Rapid development of the Internet of Things into almost everything coupled with prospects that the Web is projected to grow into an intelligent global operating system (Kelly, 2007) around 2020-2025.

So could a SD-Logic perspective be challenged or overtaken by a Digital-Dominant (DD) Logic perspective in the last ‘Digital Economy’ phase of digitization of the global economy?

As a starting point for discussion, I have reviewed the ten foundational premises of SD-Logic and simplistically attempted to present ‘digital-dominant equivalents” – see Table 1.

### 3.1 Digital-Dominant (DD) Logic Vs Service-Dominant Logic (SD)

Translating services into Digital Services “as the application of digitized operant resources (skills and knowledge) for the benefit of another digital party” as the fundamental basis of exchange (DDFP1) is reasonable if exchange has become mainly a digital set of activities and interactions in a digitized global economy. This notion may include indirect digital exchange (DDFP2).

Elevating digital business ecosystems as the key distribution and exchange mechanisms for service provision expressed in the forms of goods or digital flows of information – or goods incorporating sensors forming associated information flows for creation and development of further digital services (DDFP3).

Exploring operant resources and capabilities to combine digital information flows point toward a much richer and more diverse and emergent set sources for possible competitive advantage (DDFP4) – but this view of service development still reasonably fits within a current SD-Logic view of ‘Service Creation’

<table>
<thead>
<tr>
<th>DDFP1</th>
<th>Digital Services, the application of digitized operant resources (skills and knowledge) for the benefit of another digital party, is the fundamental basis of exchange.</th>
</tr>
</thead>
<tbody>
<tr>
<td>DDFP2</td>
<td>Indirect digital exchange masks the fundamental nature of exchange.</td>
</tr>
<tr>
<td>DDFP3</td>
<td>Digital business ecosystems are distribution mechanisms for service provision which may be expressed in the form of goods or digital flows of information</td>
</tr>
<tr>
<td>DDFP4</td>
<td>Digitized Operant resources and capability to combine digital information flows are the fundamental source of competitive advantage</td>
</tr>
</tbody>
</table>
All economies are Digital economies. (DDFP5)

The customer is always a co-creator of value whether they are human or digital actors (DDFP6)

The digital enterprise can create and deliver digital value propositions to human and digital actors (DDFP7)

A digital-centred view could be viewed as customer oriented and relational if digital actors are customers or represent customers (DDFP8)

All digital economic actors are resource integrators (DDFP9)

Value is always uniquely and phenomenological determined by the beneficiary whether they be in digital or human form (DDFP10)

The notion that ‘all economies are digital economies’ makes sense toward the end of the technological age of digitization of almost all of the global economy (DDFP5) – but is this really a declaration of Zenith or completion of a technological age, and if we could declare such a state of affairs what would that really mean for business and marketing as we would know it at that point (e.g. in 2025 or 2030?)

A customer could be viewed as a human or digital actor in a digitized economy (DDFP6). Such a notion, whether as an individual or co-creator, or as an entity that is identified or created or developed is worthy of further discussion and analysis.

A digital enterprise capable of delivering digital value propositions to human and digital actors seems to be a logical extension in a digitized global economy (DDFP7)

DDFP8 suggests that if digital actors are customers or represent customers then a digital-dominant view might be seen as customer-oriented or relational. Further discussion on the notion of “digital customers” is required for this premise to possibly become meaningful.

A key premise of SD-Logic is that all economic actors are resource integrators. In a digitized global economy, digital economic actors could be resource integrators (DDFP9).

The final premise allows value to be determined by beneficiaries whether they be in digital or human form (DDFP10). In some respects the final premise paves the way for digital entities to create value – whether they come to dominate over previous human or service notions or not.

Some Service Dominant Foundation Premises appear to stand regardless of further digitization, such as service economies services as a basis for exchange – but actors, resources and actions are digital. Operant resources, parties, customers as co-creators may be human but are increasingly likely to be digital within the digital business ecosystem – or digitally rendered representatives of human customers.
Some Digital-Dominant Logic foundational premises challenge the very fundamental nature and definitions of who – or what – are businesses, customers and actors. If digital actors can be resource integrators working in digital business ecosystems, creating and operating actual businesses then they may set up existential challenges defining future ‘customers’, ‘exchange’, ‘value creation’ and even ‘marketing’.

Digital-Dominant Logic based around a powerful and advancing business ecosystem taking over from actual human business systems may appear to be in the realms of science fiction heavily cybernetic, and technocratic – but relentless digital innovation will see the global economy go as close to this scenario until some other form of technology clearly emerges to change the global economy through a different technological revolution i.e. a driver for the 6th Age of Technological Revolution.

A composite SD-DD-Logic framework may assist businesses, innovators and marketers develop new services with enabling knowledge and capabilities through advancing digital business ecosystems for customers to open and use to create value from 2014 through to about 2020.

However, by the start of the second decade of the 21st century businesses may find themselves operating digitally rendered versions of themselves, or against digitally rendered competitors – or being rendered out of reality. We may have just five to seven years to understand and face up to business within a digitally rendered global economy.

How will you be rendered in this emerging digital business ecosystem?

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Social Media for Social Good:
Value Creating Practices in a Social Media Based Cause Brand Community

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Abstract
This study is amongst the first in the academic literature to explore value creation in a social media based cause brand community. The purpose of this study is to investigate the value enacting practices that an Australian cause organisation employs to facilitate value and those their supporters apply to create/co-create value. Netnography within a case study method was used and 132 posts were downloaded and examined for evidence of sixteen different value-enacting practices. Findings include evidence of a vital online community indicated by its use of a diverse range of practices. This research extends theory into the nature and usefulness of various practices in value creation. It provides cause organisations with a deeper understanding of supporters’ use of value enacting practices, the effectiveness of various practices in facilitating supporter value and how organisations might adapt their activities to facilitate value and achieve their strategic objectives, service missions and social good.

Keywords: value creation, value co-creation, service logic, social media, brand community, causes, social good, netnography
Track: Digital Marketing and Social Media

1.0 Introduction
Australian causes (not-for-profit entities) face an increasingly challenging operating environment. Indeed, this impels them to harness digital marketing including social media based cause brand communities to facilitate supporter value, achieve strategic objectives and fulfill their crucial service missions for social good. However, whilst the benefits of social media based cause brand communities are acknowledged (e.g. Muniz Jr & O’Guinn 2001; Fournier & Lee 2009), studies into how value is created in this context are scant. To address this gap, this paper describes one study that was undertaken in a larger program of research to answer the research question of how value is created in social media based cause brand communities. Specifically, the study examines the value enacting practices that cause organisations employ to facilitate value and that supporters apply to create and co-create value. This paper reports on one of two cases investigated in the study.

Australia’s 600,000 causes contribute significantly to the national economy and its social fabric adding $43 billion to GDP and employing eight percent of the workforce (Productivity Commission 2010) in the delivery of vital services for diverse, community purposes that include arts and culture, human rights and social services. However, cause organisations continually struggle to attract donors and face fluctuations in tax deductible giving, marginal increases in vital volunteer hours (McGregor-Lowndes & Critall 2014; Australian Bureau of Statistics, 2010) and a shrinking tax base (McDonald, Scaife & Smylie 2012). Therefore, they now turn towards digital marketing and specifically social media based brand communities to increase awareness, advocacy and donations by facilitating supporter perceived value.
The purpose of this research is to extend theory into the nature, processes and roles in the creation of supporter perceived value and the nature and usefulness of various practices in value creation and co-creation. Furthermore, this research offers cause organisations new insights into supporters’ use of value enacting practices, the effectiveness of various practices in facilitating supporter value and identifies how causes might build and leverage their brand community assets to achieve their strategic objectives.

2.0 Value Creating Practices in Social Media Based Cause Brand Communities

The notion of a social media based cause brand community extends from the fundamental relational concept of a community that is “specialised and non-geographically bound ... based on a structured set of social relationships amongst admirers of a brand” (Muniz & O’Guinn 2001:412). A brand community might exist online, offline or in both environments and be member-initiated or organisation-sponsored (Porter, 2004). A social media based cause brand community therefore is sponsored by a cause organisation and located on social media, the Internet applications such as Facebook or Twitter that allow the creation and exchange of user generated content (Kaplan & Haenlein, 2010).

Research into social media based cause brand communities is just emerging. Nonetheless, it is acknowledged that brand communities build brand loyalty by facilitating engagement and relationships (Adjei, Noble, & Noble, 2012) and reduce marketing costs by customer retention (Reichheld, 1993), brand advocacy (Keller, 2007) and customer referrals (Kumar, Petersen, & Leone, 2007). However, value is incidental to the broader dimensions of extant brand community studies (e.g. Algesheimer, Dholakia, & Herrmann, 2005; McAlexander, Schouten & Koenig, 2002; Muniz Jr & O’Guinn, 2001) and generally treated from the organisational perspective as brand loyalty, leaving customer (supporter) perceived value unspecified. Furthermore, despite the ubiquity of social media (Heinonen 2011; Hoffman & Novak, 2012) and the proliferation of social media based brand communities (Fournier & Lee, 2009), value creation studies in this context are scant (Laroche, Habibi & Richard, 2013). However, two extant studies (e.g. Schau et al. 2009; Echeverri & Skålen 2011) provide a way to address this limitation by focusing on value enacting practices. These practices are defined as “linked and implicit ways of understanding, saying and doing things ...” (Schau et al. 2009:31) that are also routinised actions performed by the individual but evidenced in the collective that can evolve and change over time (Helkkula, Kelleher & Pihlström 2012). Schau et al. (2009) developed a typology of twelve practices in four different categories from nine mainly product based communities. Echeverri & Skålen (2011) extended this typology by offering five interaction value practices that occur in face-to-face interactions between service providers and customers. Following these authors, Table 1 below identifies the practices sought in this study.

Table 1: Value Creating Practices

(following Schau et al. 2009; Echeverri & Skålen, 2011) Adapted for this research.

<table>
<thead>
<tr>
<th>Practice Category and Description</th>
<th>Practices</th>
</tr>
</thead>
</table>
| **Social Networking**  
Creating, enhancing and sustaining ties amongst brand community members | Welcoming (Greeting)  
Empathising  
Governing  
Helping |
| **Impression Management**  
An external, outward focus on creating favourable impressions of the brand | Evangelising  
Justifying |
| **Community Engagement**  
Reinforces members’ escalating engagement with the brand community | Documenting  
Badging  
Milestoning  
Staking |
### Brand Use

*Focuses upon improved or enhanced use of the focal brand*

<table>
<thead>
<tr>
<th>Customising</th>
<th>Grooming</th>
</tr>
</thead>
</table>

| Transactional Collaboration  
*Focuses upon a transaction* | Delivering | Charging |

Schau et al. (2009) assert that practices are inter-related and work together to drive one another *inter-thematically* (across category themes) and *intra-thematically* (within the same category theme) to create value. Moreover, they argue that stronger brand communities offer a more diverse range of practices than weaker brand communities but do not suggest an optimum mix between *inter* and *intra* thematic interactions for value creation.

In a social media based cause brand community, supporter perceived value is an “interactive, relativistic, subjective experience” (Holbrook 2006:212) that is generated when participants (in this case, the organisation and its supporters) draw on resources such as social media platforms, posts, time and each other (Ropke 2009) in *direct* and *indirect* interactions to enact practices leading to value creation. As Schau et al. (2009) assert, value underlies all practices and engagement in practices is an act of value creation. However, service-dominant logic (SDL; Vargo & Lusch 2008) underpins both of these studies, thus limiting analytical specificity by treating all value creation as co-creation and the participants as equal value co-creators. In contrast, service logic (SL, Grönroos & Voima 2013) is a contemporary value creation theory that enables deeper insights and theoretical development by clearly articulating the nature of value as a customer’s (supporter’s) value-in-use and distinguishing the roles of the organisation and its supporters in value creation. Accordingly, SL underpins this study.

SL depicts value creation as three spheres (provider, joint and customer). In *Value Facilitation* that occurs in the provider sphere, organisations provide resources (e.g. social media platforms, posts) and processes (e.g. incidence and timings of posts, collective practices) for supporters’ potential value-in-use without direct interaction with supporters (Grönroos & Voima 2013). Supporters harness these organisational resources and processes in *Value Co-Creation* when they invite the organisation into the joint sphere in *direct* interactions via a post or click. The supporter might also create value independently without direct interaction with the organisation in the *customer sphere* that is closed to the organisation as *Independent Value Creation* that occurs *individually* without any direct interaction with either the organisation or other supporters, or *collectively* in *INDEPENDENT SOCIAL VALUE CO-CREATON* (Grönroos & Voima 2013). SL thus aids specificity by distinguishing participant roles and practices in value creation.

### 3.0 Method

This study uses netnography, an ethnographic technique adapted to the study of online communities (Kožinets 2002) within a theory-building case study approach (Eisenhardt 1989) that provides a close up and detailed view of value creation in its natural setting. The subject case of this investigation ("the organisation") is the Australian arm of a global cause organisation that has sought to eliminate inequity and poverty for more than fifty years. The organisation’s community has almost 78,000 Supporters located on its Facebook, Twitter and YouTube platforms. Facebook accounts for approximately 65 percent of the Community’s membership and Facebook Insights indicate that its key demographic is 25-34 years old. The cause organisation was purposively selected as it operated a brand community on Facebook, Twitter and YouTube and was deemed relevant, active, substantial and data rich (Kožinets 2002).
Consent to undertake the research was obtained from the organisation after disclosing affiliations and research intentions (Kozinets 2010).

All organisational and supporter posts on Facebook, YouTube and Twitter were downloaded over a two-week period in February 2013 creating a data set of 132 posts. Data was gathered unobtrusively to ensure authenticity (Oakes, Dennis & Oakes 2013) and the identity of the communicators was not recorded (Kozinets 2010). Checks of information gathered were provided to the organisation to solicit comments. Data was triangulated (Yin 1994) and crystallised (Richardson 2000) by analysing documents, audio-visual and archival material and website content that also provided an entree into the communities under investigation (Kozinets 2010), enabling familiarisation of participants’ language, interests and practices of community participants. A coding instrument integrating practices drawn from Schau et al. (2009) and Echeverri & Skålen (2011) was developed, discussed and revised. Each post was examined for practices and coded thematically according to practice descriptions and then compared against each other for consistency as true representations of each practice. For reliability, a sample of 30 posts in the study was provided to two colleagues who assigned practices to posts and an inter-coder reliability of 0.93 was obtained. Within-case analysis was also undertaken (Eisenhardt 1989) and multiple forms of independent evaluation that included cross-checking, peer debriefing and a research partner were applied for external validity to avoid bias and subjectivity. Furthermore, all procedures were documented in a case study protocol for reliability (Yin 1994).

4.0 Findings
4.1 Practices predominant in value co-creation
Seventy eight percent of the study’s total 213 practice instances identified in the community were in Value Co-creation, indicating that supporters harnessed organisational resources and processes in Value Co-Creation considerably more than in Value Facilitation (1%) Independent Value Creation (3%) or Independent Social Value Co-creation (18%). Certainly, the dominance of practices in Value Co-creation is positive since Grönroos & Voima (2013) state that organisations should strive to access their customers’ (supporters’) value sphere to influence their customers’ (supporters’) value creation. Indeed, the organisation facilitated many such influencing opportunities via numerous direct interactions with supporters. Furthermore, these findings highlight supporters’ willingness to collaborate and co-create value and also reflect that the resources and processes provided by the organisation are mostly appropriate to its supporters. However, the incidence of practices in Independent Social Value Co-creation indicate that the organisation could further refine its resources and processes to access the value sphere of these supporters. Moreover, the findings also recognise that a supporter’s value creation might not always be explicit when they reflect on a post or anticipate a future action. Strategically, it is therefore important for the organisation to ensure practices are appropriate to facilitate this sometimes-invisible type of value creation.

4.2 Range of practices
As Table 2 below shows, a range of practices was evidenced in the study indicating an active and engaged community. Indeed, ten of sixteen practices in four of five practice categories were identified. The organisation evidenced seven practices and its supporters demonstrated nine practices in four of the study’s five practice categories. Furthermore, supporters accounted for 60 percent of all practices that reflect their strong influence in the community, particularly upon the dialogic processes in Value Co-Creation. Overall, as per Schau et al. (2009), these findings indicate practice diversity and consequently a vital brand community.
## Table 2: Findings, Evidenced and Absent Practices

<table>
<thead>
<tr>
<th>Practice Category</th>
<th>Social Networking</th>
<th>Impression Management</th>
<th>Community Engagement</th>
<th>Brand Use</th>
<th>Transactional Collaboration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Practice</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Community</td>
<td>Evidenced</td>
<td>x √ x √ √</td>
<td>√ √ √ √ x √ √</td>
<td>x √ x</td>
<td>x x x</td>
</tr>
<tr>
<td>Interaction</td>
<td>Intra-thematic</td>
<td></td>
<td></td>
<td></td>
<td>Nil</td>
</tr>
<tr>
<td>The Organisation</td>
<td>Evidenced</td>
<td>x √ x √ √</td>
<td>√ √ √ √ x x</td>
<td>x x x x</td>
<td>x x x</td>
</tr>
<tr>
<td>Interaction</td>
<td>Intra-thematic</td>
<td></td>
<td></td>
<td></td>
<td>Nil</td>
</tr>
<tr>
<td>Supporters</td>
<td>Evidenced</td>
<td>x √ x √ √</td>
<td>√ √ √ √ x x</td>
<td>x x x</td>
<td>x x x</td>
</tr>
<tr>
<td>Interaction</td>
<td>Inter-thematic</td>
<td></td>
<td></td>
<td></td>
<td>Nil</td>
</tr>
</tbody>
</table>

The community’s use of practices indicated its united and strategic focus. For example, all practice interactions in the community overall were *intra-thematic* (within) category where more than one practice was evidenced in the same category. The community evidenced no *inter-thematic* (across category) practice interactions. We note that Schau et al (2009:36) state that *intra-thematic* interactions “are the most common when the practices within a set focus on a thematic function work together toward their thematic goal.” Furthermore, the largest proportion (60 percent) of supporters’ practices was drawn from the single category of *Brand Use* that also suggests supporters share a clear sense of community and purpose.

*Informing* was the most evidenced practice in the community and most indicated by both the organisation and its supporters. Certainly, the organisation’s use of *Informing* reflects its focus on achieving strategic objectives, particularly awareness and advocacy. In contrast, supporters’ use of *Informing* demonstrates a “pull” communication strategy that characterises social media (Dev & Schultz 2005) where supporters are empowered by access and information (Prahalad & Ramaswamy 2004), create their own user generated content (Kaplan & Haenlein, 2010) and are enabled to engage with the organisation at any time (Dixon & Keyes 2013).

Absent practices in this study indicate the importance of some practices over others in value creation. For example, *Badging* (the practice of translating milestones into symbols) might be inappropriate for a revenue restrained cause, and *Customising* (modifying the brand to suit group level or individual needs) and *Grooming* (caring for the brand) appear more product-oriented than cause-oriented practices and thus also not useful in value creation. Furthermore, the absence of *Governing* and *Welcoming* might suggest that the organisation does not over-control its community to facilitate value but manages it with a “light and open” touch (Fournier & Lee 2009:106) that the authors recommend for a well-functioning community. Moreover, the organisation might employ the currently absent transactional practices of *Delivering* and *Charging* in future interactions about fundraising merchandise to facilitate...
value. Finally, since practices are evolving, dynamic and interrelated (Schau et al. 2009) some absent practices such as Welcoming might be partially integrated in others (e.g. Helping). In sum, these findings suggest that the organisation might purposively select practices to align with their supporters’ process needs and is therefore responding to its supporters’ behavioural logic (Grönroos & Voima 2013) to facilitate value.

4.3 Location - Facebook
Practices were evidenced more on Facebook (57%) than Twitter (38%) and YouTube (6%), aligning with social network data that identifies Facebook as the most popular social media platform (e.g. Pew 2013), and coinciding with other research that finds individuals consider Facebook as the most effective platform “to get the word out about a cause” (Waggener Edstrom, Georgetown University 2013:7). Certainly, Facebook’s asynchronicity permits individuals to consider their posts (Berger & Iyengar 2013) and practices, providing them an opportunity to self-enhance amongst others (Berger & Iyengar 2013). This study also found that supporters were 26 times more likely to click than post corresponding to other studies (e.g. Dixon & Keyes 2013; Waggener Edstrom, Georgetown University 2013) that indicate supporters’ clicks as continuous engagement with the cause. However, while clicks are valuable word-of-mouth (de Vries et al. 2012) they can restrict supporters’ value creating practices to Evangelising and Empathising and thus limit the diversity of practices required for brand community vitality. Strategically, supporters’ propensity to click also requires the organisation to facilitate value by encouraging supporters to “Share” or “Comment” to enable a broader range of practices.

5.0 Implications, Limitations and Future Research
This research highlights the crucial value creating role of supporters in a social media based cause brand community and the fundamental importance of organisations to ensure their resources and processes are appropriate to facilitate value. It also shows that synergistic practice interactions are strategically beneficial for value creation and that practice diversity is important for a strong and vibrant community. However, this study is limited to one case and is therefore not generalisable. Nevertheless, it invites several opportunities for future research into the nature of value and the quantitative testing of these qualitative findings.

Theoretically, this research is amongst the first to apply service logic (Grönroos & Voima 2013) that distinguishes participants’ roles and their importance in value creation. It also extends previous practice studies (e.g. Schau et al. 2009; Echeverri & Skålen 2011) in a contemporary social media based community context. Furthermore, this study offers management deeper understanding of supporters’ use of value enacting practices, the effectiveness of various practices in facilitating supporter value and how organisations might adapt their activities to facilitate value and achieve their strategic objectives.

This study explored how value is created in a social media based cause brand community by examining participants’ value enacting practices. It extends previous research by its use of service logic to analyse practices in value creation in a contemporary context. Insights generated in this study will be developed in subsequent research.

References


Examining the Interactive Effect of Content and Vividness in Branded Posts on Facebook

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Abstract
This study examined the effects of vividness and content type in branded Facebook posts on consumers’ attitudes and electronic word-of-mouth intentions. Data was gathered via an online survey with a screenshot of a 42 Below Facebook post. Results indicate that an interactive effect exists between the level of vividness and content type within the post. Specifically, highly vivid posts are found to be more effective when paired with entertaining content, while posts with low vividness are more effective when accompanied by informative content. This research contributes to the emerging field of social media marketing by empirically extending findings from current literature in the field.

Keywords: facebook vividness posts brand likes
Track: Digital Marketing

1.0 Introduction
Social media outlets constitute excellent vehicles for fostering relationships with customers as they are interactive, involve elevated roles of trust and are potentially more targeted (Shankar & Batra, 2009; Vries, Gensler & Leeflang, 2012). One common way to do this is through creating brand fan pages on social networking sites, such as Facebook. Companies can place brand posts (containing videos, messages and information) on these brand fan pages. Customers can become fans of these brand fan pages as well as indicate that they ‘like’, share or comment on the brand post, which can subsequently lead to electronic word-of-mouth marketing. This liking and commenting on brand posts reflects brand post popularity (Vries et al., 2012). The business logic behind this is that by using internet-based services, these companies can breathe new life into their brand, product and/or service (Belicove, 2010). This makes intuitive sense as it has been reported that the renowned digital platforms, such as Facebook and Twitter, are where consumers are spending more of their time (Hoffman & Novak, 1996; Shankar & Batra, 2009).

According to a report released by Virtue, an Atlanta-based social media management company, three of the common content publishing options for a marketer are text, image and video (Belicove, 2010). The report revealed that image posts received 54 percent more engagement than text posts, while video receives 27 percent more engagement than text posts. This indicates that image and video are superior to text-only posts, which can easily be summarised by the common saying, ‘a picture is worth a thousand words’ (Belicove, 2010). Although various studies on the effects of content vividness and content type in digital media have been conducted, no prior studies have examined the effect of the interaction between these two dimensions on consumer attitudes and behaviours within the social media context. Hence, this study will contribute to existing literature by addressing this gap.

2.0 Literature Review
Vividness

Keywords:
Steuer (1992, p. 81) defines vividness as "the representational richness of a mediated environment as defined by its formal features; that is, the way in which an environment presents information to the senses". He advocates that vividness consists of two subdimensions: breadth and depth. Breadth refers to the number of different senses that a medium can engage, while depth relates to how closely a medium can replicate parts of the human sensory system (Steuer 1992). Similarly, other studies that have explored this definition have also found that vividness is essentially the extent to which the content stimulates the different senses, which can be achieved by the inclusion of colour, animation or pictures (Coyle & Thorson, 2001; Fortin & Dholakia, 2005; Vries et al., 2012). Vividness is also considered a contributor to the perception of telepresence (Steuer 1992). It is believed that any effort to increase levels of vividness in a website will influence people towards heightened levels of telepresence (Steuer 1992). That is, a set of technologies that allows a person to feel as if they were present, which in turn leads to more engagement (Nash, Edwards, Thompson & Barfield, 2000). Similarly, Fortin and Dholakia (2005) examined the effects of various measures of interactivity and vividness of a message on attitudes and behavioural intentions within a web-based advertisement. Furthermore, a commonly predicted notion is the positive association between the level of interactivity and vividness and the attitude toward websites, feelings of telepresence, and attitude-behavior consistency (Coyle & Thorson, 2001; Fortin & Dholakia, 2005; Vries et al., 2012). For example, Coyle and Thorson (2001) conducted an experiment to examine the interactivity and vividness of commercial websites and found that perceptions of telepresence grew stronger as levels of interactivity and vividness increased. They also found that participants who saw websites high in vividness developed stronger attitudes as opposed to participants who saw sites of moderate or low vividness. In addition, they found that increased levels of vividness will lead to the development of more enduring attitudes toward website content. Similarly, Vries et al. (2012) conducted a content analysis to examine the drivers that influence the popularity of brand posts on Facebook. They found that highly vivid (e.g. video) or moderately interactive (e.g. contest) brand posts enhanced the number of likes.

Content

Information seeking and entertainment have been found to be two of the most important reasons for using social networking sites (Brandtzæg & Heim, 2009; Lin & Lu, 2011; Muntinga, Moorman & Smit, 2011). For example, Muntinga et al. (2011) conducted a qualitative study on people’s motivation to consume brand-related social media and found information seeking and entertainment to be important motivations for people to use brand-related content. Similarly, Lin and Lu (2011) combined network externalities and motivation theory to investigate the attitudes and factors of social networking site consumption, as well as proposing possible factors that affect consumers’ continued use of social networking sites. They found enjoyment (e.g. the ability to share links, post photos on social networking sites) to be the most important factor affecting consumers’ continued intentions to use social networking sites, followed by usefulness (e.g. the ability to find useful information that is in the social networking site).

Entertaining and informative advertisements on social networking sites have also been found to create a positive effect on consumer attitudes. Taylor, Lewin and Strutton (2011) empirically tested a model of content-related, structural, and socialization factors that affect Facebook and Twitter users’ attitudes towards social network advertisements. They found that users tend to show favourable attitudes towards advertisements that had informative or entertaining content. Authors explain this by using the media uses and gratifications theory (Katz & Foulkes as cited in Taylor et al., 2011), which posits that users are motivated to
expose themselves selectivity to media based advertisements on their needs and gratification-seeking motives. The media uses and gratification theory also posit that consumers actively seek out media to satisfy either utilitarian or hedonic needs (Taylor et al., 2011). For instance, some people may listen to the radio to be entertained by music or to be informed by the news broadcast segments. Furthermore, Taylor et al. (2011) also found entertaining advertisements to exhibit more effect on consumer attitudes than informative ads because entertaining ads are perceived to be more fun, exciting, and flashy. This is consistent with the findings of Lin and Lu’s (2011) study, which found entertainment-seeking to be the more important motive in influencing the continued use of social networking sites than information-seeking motives. The affective responses derived from the content in advertisements have also been found to influence consumer behaviours such as word-of-mouth intentions and the desire to return to the website (Nyer, 1997; Raney et al., 2003). For example, Raney et al. (2003) conducted an experiment to examine the effects of entertaining and/or interactive content on the evaluations of automotive Websites and automotive brands. The authors found that exposure to entertaining and/or interactive content in automotive websites generated a heightened level of arousal and enjoyment, which influenced a positive attitude towards the website and automotive brand. This subsequently resulted in stronger purchase intentions and a greater desire to return to the website.

However, some studies have opposing findings on the attitudinal and behavioural outcome of entertaining content. Vries et al. (2012), for instance, found entertaining brand posts on Facebook to elicit a lower number of likes compared to informative brand posts. The authors suggest that this might be due to the lack of brand-related content in entertaining posts provided to users on Facebook who are fans of the brand and genuinely interested in the brand. Hence, the effect of content type maybe moderated by the level of involvement an individual has with the brand that appears in the content.

3.0 Hypotheses
Based on findings from the literature, the following hypotheses are proposed:

**H1:** A brand post with a high level of vividness will generate a greater positive effect on a) attitude towards the post, b) brand attitude, c) liking intentions, and d) sharing intentions than a brand post with a low level of vividness.

**H2:** An entertaining brand post will generate a greater positive effect on a) attitude towards the post, b) brand attitude, c) liking intentions, and d) sharing intentions than an informative brand post.

**H3:** The brand post with the higher level of vividness and entertaining content will be the most effective in influencing a) attitude towards the post, b) brand attitude, c) liking intentions, and d) sharing intentions.

**H4:** Brand involvement will have an effect on a) attitude towards the post, b) brand attitude, c) liking intentions, and d) sharing intentions.

4.0 Methodology
To test the above hypotheses, an experimental study was undertaken using a sample drawn from Facebook and members of a large University’s intranet site. Subjects were randomly assigned to one of four conditions in a 2 (vividness, high/low) X 2 (content type, entertaining/informative) between-subjects factorial design. A total of 130 participants took part in the experiment.

**Stimuli Development**
Four screenshots of the News Feed page on Facebook were developed to reflect each of the experimental conditions: status/entertainment, status/information, photo/entertainment, and photo/information. The post appearing in each of the conditions was obtained from the 42 Below Facebook page and adjusted to fit into Facebook’s News Feed layout. In order to ensure consistency across all treatments, each stimulus used the same layout, graphics and colours.

Measures

Dependent Variables
Four dependent measures were used to measure the effectiveness of the Facebook post: attitude towards the post, brand attitude, intentions to ‘like’ the post, and intentions to ‘share’ the post. Attitude towards the post and brand attitude was each measured using 3 items on a 7-point semantic differential scale anchored by “good/bad”, “pleasant/unpleasant”, and “favourable/unfavourable” (MacKenzie & Lutz, 1989). The reliability analysis shows that the measure for attitude towards the post (α = .93) and brand attitude (α = .94) are reliable. Intentions to ‘like’ the post was measured using 3 statements on a 7-point Likert scale (1 = “not very likely” to 7 = “very likely”; α = .94). Sharing intentions was measured using 4 statements on a 7-point Likert scale (1 = “not very likely” to 7 = “very likely”; α = .88).

Covariate
In order to remove any extraneous variation from the dependent variables, brand involvement was also measured. The measure for brand involvement was adapted from the Personal Involvement Inventory (Zaichkowsky, 1985), which consisted of 4 items on a 7-point semantic differential scale (α = .90).

Manipulation Variables
Perceived vividness and content type were also measured for conducting manipulation checks. The measure for perceived level of vividness was adapted from the Reaction Profile scale (Wells, 1964), which consisted of 5 items on a 7-point semantic differential scale (α = .95). In order to measure perceived content type, an adapted version of the Viewer Response Profile scale was used (Schlinger, 1979). This scale involved 4 statements on a 7-point Likert scale (1 = “strongly disagree” to 7 = “strongly agree”; α = .92).

5.0 Findings

Manipulation Checks
Manipulation checks were conducted to ensure that participants correctly perceived the different manipulations of vividness and content type for each Facebook post. An independent sample t-test was conducted to examine the effectiveness of the manipulation for perceived vividness. Results indicate that the level of vividness was perceived to be significantly higher when the Facebook post contained a photo ($M = 5.18$, $SD = 1.17$) than when the post only contained text ($M = 3.33$, $SD = 1.66$, $p = .00$). To assess whether the manipulation of perceived content type was effective, an independent sample t-test was also carried out. Results reveal that Facebook posts with entertaining content were perceived to be significantly more entertaining ($M = 4.25$, $SD = 1.48$) than the posts with informative content ($M = 3.36$, $SD = 1.42$, $p = .00$). Thus, it can be concluded that the manipulations of perceived vividness and content type were successful.

Hypothesis Testing
Attitude towards the post
The ANCOVA result reveals a significant moderate interaction effect between vividness and content type ($F = 8.86$, $p = .00$, $\epsilon^2 = .07$). This is consistent with H3a, which predicted that
the post with the higher level of vividness and entertaining content will be the most effective in influencing attitude towards the post. The results of the ANCOVA also show a significant main effect of vividness and content type ($p > .05$). The brand involvement covariate did not show any significant effect on attitude towards the post ($F = 2.31, p = .13, \varepsilon^2 = .02$). Thus, H4a is not supported.

Table 1. Results of ANCOVA analysis for attitude towards the post

<table>
<thead>
<tr>
<th>Source and dependent variable</th>
<th>Type III SS</th>
<th>df</th>
<th>MS</th>
<th>F</th>
<th>p</th>
<th>$\varepsilon^2$</th>
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<tbody>
<tr>
<td>Covariate</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Brand Involvement</td>
<td>4.01</td>
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<td>2.31</td>
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<td>.02</td>
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<tr>
<td>Main effects</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Vividness</td>
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<td>1</td>
<td>18.96</td>
<td>10.93</td>
<td>.00</td>
<td>.09</td>
</tr>
<tr>
<td>Content type</td>
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<td>1</td>
<td>8.51</td>
<td>4.91</td>
<td>.03</td>
<td>.04</td>
</tr>
<tr>
<td>Interaction effect</td>
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<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Vividness*Content type</td>
<td>15.37</td>
<td>1</td>
<td>15.37</td>
<td>8.86</td>
<td>.00</td>
<td>.07</td>
</tr>
</tbody>
</table>

Brand attitude

The ANCOVA result reveals a moderate significant interaction effect between vividness and content type for brand attitude ($F = 8.89, p = .00, \varepsilon^2 = .07$). Thus, H3b is supported. There is also a significant main effect for vividness ($F = 8.23, p = .01, \varepsilon^2 = .07$) but not for content type ($F = 2.78, p = .10, \varepsilon^2 = .02$). Hence, H1b is supported but not H2b. Respondents showed a stronger brand attitude when the Facebook post’s level of vividness was high. The brand involvement covariate shows a moderate significant effect on brand attitude ($F = 8.19, p = .01, \varepsilon^2 = .07$). Thus, H4b is supported.

Figure 1. ANCOVA for attitude towards the post

Figure 2. Results of ANCOVA for brand attitude

Table 2. Results of ANCOVA analysis for brand attitude

<table>
<thead>
<tr>
<th>Source and dependent variable</th>
<th>Type III SS</th>
<th>df</th>
<th>MS</th>
<th>F</th>
<th>p</th>
<th>$\varepsilon^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Covariate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand Involvement</td>
<td>11.25</td>
<td>1</td>
<td>11.25</td>
<td>8.19</td>
<td>.01</td>
<td>.07</td>
</tr>
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<td>Main effects</td>
<td></td>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Vividness</td>
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<td>11.31</td>
<td>8.23</td>
<td>.01</td>
<td>.07</td>
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<td>Content type</td>
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<td>1</td>
<td>3.83</td>
<td>2.78</td>
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<td>.02</td>
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<tr>
<td>Interaction effect</td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Vividness*Content type</td>
<td>12.22</td>
<td>1</td>
<td>12.22</td>
<td>8.89</td>
<td>.00</td>
<td>.07</td>
</tr>
</tbody>
</table>
6.0 Discussion

H1 states that a Facebook post with a high level of vividness will generate a more positive effect on attitude towards the Facebook post, brand attitude and liking intentions than a Facebook post with low levels of vividness. As discussed in the results section, there was support for this to be true. This partially coincides with H3 which states that the Facebook post with the higher level of vividness and entertaining content will be the most effective in influencing attitude towards the post, brand attitude, liking intentions, and sharing intentions. This was proven to be supported across two variables: attitude towards the post and brand attitude. These results highlight the importance of vividness as a single variable, while revealing that content alone does not have a significant influence on consumer attitudes and behaviours. Although brand involvement was proven to have a non-significant effect on attitude towards the brand, it had an effect on brand attitude, liking intentions and sharing intentions.

These findings are consistent with previous literature that suggests the existence of a positive association between vividness and the attitude toward websites, feelings of telepresence, and attitude-behavior consistency (Coyle & Thorson, 2001; Fortin & Dholakia, 2005; Vries et al., 2012). Coyle and Thorson (2001) also conducted an experiment to examine the interactivity and vividness of commercial websites and found that the perceptions of telepresence grew stronger as levels of interactivity and vividness increased. They also found that participants who saw websites high in vividness developed stronger attitudes as opposed to participants who saw sites of moderate or low vividness. In addition, they found that increased levels of vividness will lead to the development of more enduring attitudes toward website content. Similarly, Vries et al. (2012) conducted a content analysis to examine the drivers that influence the popularity of brand posts on Facebook. They found that highly vivid (e.g. video) or moderately interactive (e.g. contest) brand post enhanced the number of likes, which is consistent with some of the results in this study.

Sharing is perhaps the richest form of word-of-mouth marketing on Facebook. This is where an individual will share something that a brand has posted, essentially advocating and emphasizing what the brand is communicating, but to their unique group of friends. According to Entrepreneur Media (2013), word-of-mouth is one of the most credible forms of advertising because people who don't stand to gain personally by promoting something put their reputations on the line every time they make a recommendation. Therefore, when someone ‘shares’ information that a brand’s Facebook page has posted it becomes very valuable to the brand. This is due to the likelihood that the information will be more credibly perceived by that individual’s group of friends. Since their fellow friend values the information to the extent that they are willing to re-post the information on their personal page, others are more likely to trust the post and invest more attention into the content. This is because in-group members are homogenous and commonly share the same interests (Quattrone & Jones, 1980). As concluded in this study, brand involvement is the single factor that appears to have an effect on sharing intentions. This is likely due to the process of sharing being considered very intimate. Consumers will only share a post if they are very involved with the brand, to the point where they are willing to promote it themselves.

References


Is Every Picture Worth A Thousand Words? Rational Versus Emotional Appeals in Social Media Marketing

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Abstract
Fashion retailing is a highly competitive retail sector and retailers are constantly looking for new ways to market to consumers. Recent technological developments have resulted in the uptake of a range of digital marketing channels and omni-channel retailing strategies. As a result, social media has become a key channel for many brands to communicate with consumers. However, given the relatively new nature of the platform, retailers' marketing efforts are often on an experimental, trial and error basis. This research explores the effect of communication message appeal type (rational versus emotional) conveyed via social media on consumer behaviour, as well as the role of different fashion retailer types (luxury versus mass-market). The results of this experiment indicate that rational message appeals are more impactful on consumer behaviour for fashion retail brands. These findings provide retailers with strategies to enhance their social media marketing strategies, creating targeted and effective communications for consumers.

Keywords: social media, advertising, retailing, fashion

Track: Digital Marketing and Social Media

1.0 Background
The Internet, social media and mobile devices are fundamentally changing the way consumers engage and shop with retailers (Gurran and Meuter, 2005; Sands, Ferraro and Luxton, 2010). Developing deeper engagement and more meaningful connections with consumers is a key goal of social media marketing. In Australia, social media continues to attract some of the most frequently conducted online activities, with 3 in 5 Internet users using social media, with a 3% increase since 2012 (Sensis, 2013). Daily usage of social media is also increasing, with 45% of Internet users logging into social media platforms daily and 17% using social media platforms more than five times a day. However, three quarters of brands do not know where their most valuable customers are talking about them, one third do not measure their social media effectiveness marketing and less than one quarter are using analytic tools (Harvard Business Review, 2010). Unfortunately, social media in business remains a trial-and-error process and in this respect, there is a considerable knowledge gap in the nature and importance of social media and its added value for marketing strategy (Constantinides et al., 2008). This gap in knowledge exists in both academic research and the popular business press (Mangold and Faulds 2009). Further, retailers are not well informed about the effectiveness of the content they post on social media. This, identifying the most relevant or effective message appeals is currently a challenge.

This study aims to understand and identify how social media marketing messages impact consumer behavioural outcomes, such as word of mouth, engagement and purchase intention. The social media application Instagram and the Australian fashion retail sector comprise as research content and setting. This fashion sector is particularly relevant as it has been at the forefront of the adoption of social media marketing (Sensis, 2013). In this study, different
social media message types (emotional and rational) are assessed in terms of their effectiveness in driving word of mouth, engagement and purchase intention for different types of fashion retailers (luxury and mass-market).

2.0. Conceptual Foundations and Research Hypotheses

Online platforms have empowered consumers to connect and share, creating spheres of influence that have fundamentally altered the way marketers engage with consumers (Hanna et al., 2011). Social media platforms have shown that they can have a powerful effect on consumer behaviour (Shankar and Batra, 2009). In addition, social media marketing provides an opportunity to elevate brand value by creating a platform to exchange ideas and information among people (Kim and Ko, 2012). While social media marketing is typically considered cost effective (Saravanakumar and SuganthaLakshmi, 2012), if the communication content is not engaging and relevant consumers will lose interest, demonstrating the importance of distributing relevant content to social media users.

Due to the highly competitive retailing environment, fashion retail brands have been quick to adopt social media platforms as part of their marketing strategies (Constantinides et al., 2008). Fashion retail brands are aware that future survival and success will greatly depend on the degree to which they understand and welcome the empowered and highly sophisticated consumers and communicate with them in new and innovative ways (Constantinides et al., 2008). Researchers exploring advertising effectiveness have identified message appeal in particular as a factor contributing to consumer behavioural change (Chandran and Menon, 2004; Smith and Yang, 2004). Albers-Miller and Stafford (1999) outline that rational advertising appeals stem from the traditional information processing models of decision-making where the consumer is believed to make logical and rational decisions. Such approaches are designed to change the message receiver’s beliefs about the advertised brand and rely on the persuasive power of arguments or reasons about the brand. Such appeals typically show product features and benefits (Kotler and Armstrong, 1994). Some examples of rational messages involve showing a product’s information, economy, value or performance (Kotler and Armstrong, 1994). In contrast, emotional appeals are grounded in the emotional, experiential side of consumption (Albers-Miller and Stafford, 1999). They seek to make the consumer feel good, by creating a likeable or friendly brand, in particular they rely on feelings for effectiveness. Some examples of emotional appeals include humour, fear, storytelling, entertainment, and warmth (De Pelsmacker and Geuens, 1997). Research on message appeal has revealed that effectiveness is often related to the situation the consumer is experiencing. For example, Assael (1984) states that consumers who find rational appeals more effective are in the information acquisition phase of their shopping journey. Drawing on this literature, this study considers the stage of pre-purchase information search on social media and hypothesises that:

\[ H1: \text{Rational appeals will have a positive effect overall on a) engagement b) word of mouth and c) purchase intention for fashion retailers.} \]

It is also important for the appeal to accurately match the advertised product type (Holbrook and O’Shaughnessy, 1984; Johar and Sirgy, 1991). Research suggests that an emotional appeal should be used for hedonic products and a rational appeal should be used for utilitarian products (Johar and Sirgy, 1991). Past research supports this claim, with researchers finding that rational appeals are more effective for utilitarian products and emotional appeals for hedonic products (Albers-Miller and Stafford, 1999; Wertensbroch and Dhar, 2000; Johar and Sirgy, 1991). Drawing on the literature that contrasts hedonic and utilitarian products,
Hagtvedt and Patrick (2009) found that whilst a low-cost mass-market brand showcases the functional benefits a product delivers for the price paid, a luxury brand delivers psychological and sensory gratification and provides consumers with emotional, hedonic benefits. Kapferer and Bastien, (2009) identify the storytelling of luxury brands to be key to their marketing effectiveness, as it creates emotional involvement and builds an appealing identity. In contrast, Bagozzi, Mahesh and Prashanth (1999) state that rational advertisements in fashion contexts should focus on factual product information and convenience, highlighting the functional benefits and the low cost of the products. Overall, research has drawn a clear distinction between the marketing of luxury and mass-market fashion goods, with Kapferer and Bastien (2009) finding that the specificity of luxury translates into tactics that invert many standard mass-marketing approaches. Therefore it is hypothesised that:

\[ H2: \text{Emotional appeals will have a positive effect on a) engagement b) word of mouth and c) purchase intention for luxury retailers.} \]

\[ H3: \text{Rational appeals will have a positive effect on a) engagement b) word of mouth and c) purchase intention for mass-market retailers.} \]

3.0 Methodology

This study employs a quantitative approach using an experimental design. Specifically, a between-groups factorial 2x2 design was used and respondents randomly allocated into experimental conditions (Cavana, Delahaye and Sekaran, 2001). The study manipulates message appeal (emotional/rational) and retailer type (luxury/mass-market) through the presentation of visual images representing real Instagram posts, taken from global fashion retail brand’s Instagram accounts luxury retailers included Ralph Lauren and Burberry, while mass-market retailers included Gap and General Pants, all of whom cater to both men and women and are sold in Australia. Multiple fashions brands were employed to alleviate the influence of any one brand. Pre-testing of the Instagram posts to be used in the final experimental survey involved an online survey of 100 respondents where 28 Instagram posts were presented and assessed in terms of message interpretation, asking each respondent to assess each post in terms of its emotional (storytelling) or rational (product information) messaging. Eight images were selected for the final questionnaire. A structured online survey was administered to a panel of consumers, non-response error was reduced by making questions compulsory, meaning respondents were unable to continue until each question was answered, questions were also randomised to ensure that the levels of dimensions/factors are independent of each other so that estimates of effects are unbiased and a screening question was included to ensure social media users participated in the survey. Respondents were randomly allocated into 2 experimental conditions (one luxury and one mass-market) with behavioural outcomes measured for each. Engagement was measured on a 6-item scale developed by Keller (2001). Word of mouth was measured using a 3-item scale developed by Arnould and Price (1999). Purchase intention was measured on a 4-item scale developed by Baker and Churchill (1977). The final survey instrument was pre-tested using a convenience sample of 20. A total of 340 valid responses were collected, roughly evenly split across the conditions, as the data was stacked a total of 680 responses were used (emotional appeal = 321, rational appeal = 359). Data were analysed using two-way Analysis of Variance (ANOVA).

4.0 Findings

The measurement scales were validated through exploratory and confirmatory factor analyses.

**Table 8: Descriptive statistics for behavioural outcomes**

<table>
<thead>
<tr>
<th>Outcome Variable</th>
<th>Message Appeal Mean (S.D.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engagement</td>
<td></td>
</tr>
<tr>
<td>Word of Mouth</td>
<td></td>
</tr>
<tr>
<td>Purchase Intention</td>
<td></td>
</tr>
</tbody>
</table>

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The results indicated that the scales are statistically valid and reliable with Cronbach's Alpha, Composite Reliability Coefficient (CRC) and Extracted Variance (EVA) exceeding the thresholds of 0.7 (Alpha, CRC) and 0.5 (EVA) for all factors. All variance-extracted estimates were higher than the squared correlations establishing discriminant validity between constructs (Hair et al., 2010). Table 1 presents the descriptive statistics for the behavioural outcomes analysed and Table 2 displays results of the two-way ANOVA between message appeal (emotional/rational) and fashion retailer type (luxury/mass-market).

Table 9: ANOVA results of the effect of message appeal and retailer type on behavioural outcomes

<table>
<thead>
<tr>
<th>Outcome Variable</th>
<th>F-Value</th>
<th>p-value (Sig.)</th>
<th>$\eta^2$</th>
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</thead>
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<tr>
<td><strong>Engagement</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appeal</td>
<td>15.59</td>
<td>.00***</td>
<td>.02</td>
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<td>Retailer Type</td>
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<td>.84</td>
<td>.00</td>
</tr>
<tr>
<td>Appeal x Retailer Type</td>
<td>.09</td>
<td>.77</td>
<td>.00</td>
</tr>
<tr>
<td><strong>Word of Mouth</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appeal</td>
<td>3.72</td>
<td>.05*</td>
<td>.01</td>
</tr>
<tr>
<td>Retailer Type</td>
<td>.11</td>
<td>.74</td>
<td>.00</td>
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<tr>
<td>Appeal x Retailer Type</td>
<td>3.17</td>
<td>.08</td>
<td>.01</td>
</tr>
<tr>
<td><strong>Purchase Intention</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appeal</td>
<td>14.20</td>
<td>.00***</td>
<td>.02</td>
</tr>
<tr>
<td>Retailer Type</td>
<td>3.78</td>
<td>.05*</td>
<td>.07</td>
</tr>
<tr>
<td>Appeal x Retailer Type</td>
<td>2.07</td>
<td>.15</td>
<td>.00</td>
</tr>
</tbody>
</table>

Notes: *** = <0.001; ** = <0.01, * = <0.05

The results reveal significant mean differences between the two advertising message appeal conditions (rational/emotional) on engagement ($F=15.59, p < 0.001$), word of mouth ($F=3.72, p \leq 0.05$) and purchase intention ($F=14.20, p<0.001$). Specifically, the rational appeal showed a significant greater effect on all three behavioural outcomes, supporting $H_{1a}, H_{1b}$, and $H_{1c}$. The main effect for retailer type was found to be significant just on purchase intention ($F=3.78, p \leq 0.05$) with a greater effect of mass-market retailer type. The interaction effects between retailer type and message appeal were found to be non-significant, hence $H_2$ and $H_3$ are rejected.

5.0 Discussion and contributions
The findings of this research provide an understanding of message appeal on social media marketing effectiveness. Specifically, the results suggest that rational appeals are more
effective for fashion retail brands regardless of the luxury or mass-market nature. Reasons why rational appeals were more effective may include that social media is perceived by consumers as a trustworthy source of product and service information. Additionally, consumers who find rational appeals more effective are in the information acquisition phase of their shopping journey (Assael, 1984), this is consistent with research that states consumers are searching on social media for clothing brands and subsequently making a purchase (Sensis, 2013), with half of these purchases being made online. Due to the limited nature of online purchasing (i.e., where touch is not available), visual representations or text descriptions of the product can compensate for the absence of tactile information. Efficient visual presentations help consumers process product information (Klatzky, Lederman and Matula, 1993), Klatzky et al. (1993) argues that for clothing, touch is important in pre-purchase behaviour. On the online platform touch is not available and therefore visual representations of the product can compensate (Klatzky et al. 1993), this may also be attributed to the fact that Internet shopping is still a relatively new mode of shopping involving various perceived risks. Shim, Eastlick, Lotz and Warrington (2001) found that the consumer is likely to place added importance on searching for information when using this channel as formal or informal search for information allows consumers to minimise their online perceived risks. The interaction between retailer type and message appeal type had no effect on consumer behavioural outcomes. The results suggest that regardless of price or status, fashion brands are able to create similar communications for Instagram users, bringing about a sense of platform generalisability. The results also suggest that consumers are looking for product information on Instagram irrespective of the fashion retailer type.

Overall, this study assists retailers in developing more effective social media marketing/advertising strategies, creating relevant communications, enhancing the total retail experience and providing consumers with the ability to obtain greater value from their social media interactions and experiences. In terms of managerial applications, of this research is highlights the need for fashion retailers to communicate rational appeals, that being predominantly product information to consumers on Instagram. This is applicable for both luxury and mass-market fashion brands as it was found that rational appeals were more effective overall for both retailer types. Further, creating effective consumer communications via relevant product information presents retailers with an opportunity to enhance their competitive position, achieving differential advantage over rival retailers. This is of significant importance to the retail sector, particularly the fashion industry, as it is highly dynamic with elevated levels of competition with more international fashion brands entering the market.

Although the present study contributes to the social media literature, the context is limited to Instagram as a social media platform and by Australian geographic constraints. Although product information (rational) and brand storytelling (emotional) were prominent message appeals on Instagram, other types of emotional and rational appeals do exist. This presents an opportunity for future research to investigate other types of emotional and rational appeal effects on consumer behavior, as well as their interaction with consumer characteristics, considering Instagram and other social media platforms.

6.0 References


Integrated Model of Online Word-of-Mouth: Investigating Its Antecedents in China

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Abstract
The aim of this research is to investigate why information about products, brands or organisations is initiated by customer online from the sender’s perspective. This study simultaneously investigated the relationships between consumers’ online word-of-mouth (OWOM) and its key post-purchase antecedents in a quantitative manner. Data were collected from 574 respondents in China through an online survey. The findings presented five factors that influence consumers’ engagement OWOM communication. Customer perceived social value is highlighted in the paper for its impact on OWOM, and implications of the culture context of the research on OWOM communication are discussed.

Keywords: Online word-of-mouth, online consumer behaviour, Chinese consumers
Track: Digital Marketing and Social Media

Introduction
The last two decades have seen the Internet revolutionise communication and numerous Internet-based media channels present a vast network to marketers and consumers. Consumers are able to generate content themselves and there has been a mushrooming of user-created content online. The Internet provides consumers with various venues for sharing experiences and views about products and services they have experienced. Because of the speed of technological innovation and global acceptance of various Internet-based media, consumers now communicate with more people, faster, and in more ways than ever before. Channels such as chat rooms, message boards, weblogs, and social networking sites (SNSs) have enabled today’s consumers to ‘talk’ to individuals outside their personal communication network of family, friends and colleagues. According to a study of SNS users conducted in America, 47% of such individuals share information about their shopping experience with a broader audience (AmericanExpress, 2012). Despite the considerable number of studies devoted to OWOM, the initiation of OWOM by consumers has not been given much attention. Given the increasing and persuasive power attributed to OWOM communication, an understanding of what affects consumers’ initiation of OWOM activity from the consumer’s perspective is important for marketers in order to incorporate relevant elements into their marketing strategy. Furthermore, OWOM research to date has mostly been conducted in Western context (Chan & Ngai, 2011). Questions remain to be answered concerning the transferability of the findings to an Eastern and collectivist societies (e.g., China), particularly where interpersonal communication is valued differently. This research attempts to answer the question “what antecedents influence Chinese customer’ WOM activity online?”. It simultaneously investigates the relationships between online word-of-mouth (OWOM) and its particular set of post-purchase antecedents in a quantitative manner.

Literature Review and Hypotheses
Carl (2006, p. 605) defines OWOM as “informal, evaluative communication (positive or negative) between at least two conversational participants about characteristics of an organisation and/or a brand, product, or service that take place” in online communities.”. The majority of the studies on WOM focuses on intention and/or uses a single-item
dichotomous scale (e.g., tell/recommend the experience or not). These approaches appeared to be simplistic and were not able to capture the richness of the WOM concept. Harrison-Walker’s (2001) took a different perspective, investigating the meaning of the WOM concept by focusing on four aspects: frequency, number of contacts, detail, and praise. The distinction between OWOM and traditional WOM primarily lies where the communication occurs: online or offline. This study adopted Harrison-Walker’s (2001) position. Taking into the consideration of online characteristics, OWOM was recognized as a multi-facet construct, including the aspects of frequency of WOM incidents, volume of information, and praise.

There have been a number of studies directed at better understanding the antecedents of WOM. The extant literature has focussed on the reasons why customers proactively spread the word about their product and service experiences. Among the most investigated antecedents were satisfaction (Wangenheim & Bayón, 2007), quality (Hennig-Thurau, Gwinner, Walsh, & Gremler, 2004), loyalty (Gounaris & Stathakopoulos, 2004), commitment (Harrison-Walker, 2001), trust (Sichtmann, 2007) and perceived value (Gruen, Osmonbekov, & Czaplewski, 2006; Keiningham, et al., 2007). Quality and trust were more applicable in the service context. This study focused on the other four key antecedents as they had shown consistent findings in the previous research where they were examined individually.

*Customer Satisfaction* has been used to explain post-purchase behaviours such as WOM (Söderlund, 1998). Westbrook (1987) found consumption emotions, such as emotionally based customer satisfaction to be significant predictors of WOM transmission. Higher customer satisfaction reflects more positive experiences with the product, brand or service provider. It is a natural consequence that customers share these experiences with other customers to recommend the brand or organisation (Bettencourt, 1997). *Customer Loyalty* is a state of mind (i.e., having a positive, preferential attitude towards a brand or a company). The emphasis is on “willingness,” rather than on actual behaviour, such as repeat purchase, per se. When customers are more loyal to a given company or service provider, they are more likely to give recommendations or positive reviews to their social networks. They spread positive recommendations about the company either as a cognitive consistency mechanism (Wangenheim & Bayón, 2007) or as part of a self-enhancement motivation in which customers provide WOM to praise the object of their strong relationship (Brown, Barry, Dacin, & Gunst, 2005; Sundaram, Mitra, & Webster, 1998). *Affective Commitment* deals with the customer’s inner emotional or psychological attachment to the brand or organisation. It relates to the customer’s sense of belongingness, their happiness in being a customer, and their feeling of being emotionally attached and part of the family of the brand or organisation. Since affectively committed customers feel attached to the company because of positive feelings, these customers display and dedicate positive voluntary behaviour for the company, for example, promoting the product/service or organisation to their social group (Bettencourt, 1997). *Customer Perceived Value* is concerned with the consumption experience resulting from the use or the appreciation of a product or service (Hu, Bentler, & Kano, 1992). It is conceptualised as having multiple value dimension, including quality, emotional, price and social value. The first three relates to the perceived performance of a product or service, the affective states and/or feelings aroused from consumption of an offering, and the perceived monetary sacrifice for the consumption. Social value is the utility a product or service provides through its ability to enhance the individual’s social self-concept (Sweeney & Soutar, 2001). It has been found that the customers who perceive that they receive relatively high value tend to express their opinions and views through positive WOM activity, which is a tendency that is consistent across cultures (Litwin, 1995; McKee, Simmers, & Licata, 2006).
Based on the above discussion, it is hypothesised that:
H1: The extent of customer satisfaction is positively related to customer OWOM.
H2: The extent of customer loyalty is positively related to customer OWOM.
H3: The extent of customer affective commitment is positively related to customer OWOM.
H4 (a-d): The extent of customer perceived value is positively related to customer OWOM.

The interactions among the key antecedents exist as literature suggested. Because they are not the focus of this research and the limited length is required for the paper, the integration relationships were not discussed in detail and hypothesised. They are, specifically, positive relationships between perceived value and satisfaction, between satisfaction and loyalty, and between perceived value and affective commitment.

Methodology

A two-phrase research design was used. The existing WOM survey instruments were originally conceptualised and developed for off-line activity in a Western cultural context. Eighteen interviews were conducted to gain a deep understanding of the customer’s OWOM initiation in a different cultural context and to help inform the survey instrument. Two coders were used to ensure the findings and conclusions were reasonable and logical. Based on these findings and related WOM literature, an online survey was developed and launched in China. The measure for each constructs were adapted from existing literature and modified based on the interview findings. The scale of OWOM was adapted from an off line WOM study (Harrison-Walker, 2001), and was modified to suit the online context. The wordings reflected changes depending on which channel respondents chose. Items measuring Satisfaction were adapted from Oliver (1980), and Loyalty measures were from Sirdeshmukh, Singh, and Sabol (2002). The measure of Affective Commitment was adapted from Harrison–Walker (2001). The scale of perceived value was adapted from the study by Sweeney and Soutar (2001), comprising of 4 dimension, and then were modified after preliminary analysis after data collection, containing two main dimensions – perceived quality, emotional and price value (QEP value hereafter), and perceived social value. When developing the survey, all the items were reviewed and pre-tested on academic staff and other consumers to ensure face validity and content validity of the scale. Survey questions were translated into Chinese using back translation method (Brislin, 1970). Participants were asked to choose a product he/she recently purchased and talked about online, and then were asked to rate the extent to which they agree with each statement. Responses were on a 7-point Likert scale, ranging from 1 (strongly disagree) to 7 (strongly agree).

Results

Data were collected using open online invitation and email invitation over a period of one and a half month. The survey through email invitation yielded 798 responses (31.7% response rate based on 2,517 click-through responses), and 574 were useable responses. Following the two-step SEM approach recommended by Anderson and Gerbing (1988), the first step was to establish a measurement model. Using AMOS 21 software, confirmatory factor analysis was conducted to assess the convergent validity and reliability of the measurement. Due to existence of multivariate non-normality, bootstrap method with resampling of 2000 was used to pursue parameter estimation. The indicators were removed systematically from the model based on the guidelines suggested by Bagozzi and Yi (1988) and De-Villis (1991). The final measures demonstrated good convergent validity and reliability (See Table 1), with factor loadings >.7, standardised residuals <4, Average variance extracted (AVE) > .5, construct reliability (CR) >.7 (Fornell & Larcker, 1981), and there is no item wording redundancy present. All construct correlations were less than the corresponding square root AVE values,
providing evidence that each construct exhibited high discriminant validity. The model fit was satisfactory ($\chi^2=1822.1$, df=650, $p<.001$, CFI=.93, TLI=.92, RMSEA=.06). The second step was to test the structural model. Figure 1 presents the effects, in their standardised form, of the estimation structural model. The signs of the estimates were as expected and the majority of estimates are statistically significant ($p<.05$). The direct effect of QEP value and Satisfaction on OWOM showed insignificant. The model has satisfactory fit with $\chi^2$/DF slightly above 3 ($\chi^2=2117.32$, $p<.001$, CFI=.91, TLI=.91, RMSEA=.06). All significant path estimates remained significant and the model remained fit after trimming the insignificant paths ($\chi^2=2123.23$, $p<.001$, CFI=.91, TLI=.91, RMSEA=.06).

<table>
<thead>
<tr>
<th>Table 1 Summary of Final Measurement Model Quality (BS=2000, BCCI=95%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Construct</strong></td>
</tr>
<tr>
<td>Customer Satisfaction (SAT)</td>
</tr>
<tr>
<td>Satisfied with Purchase</td>
</tr>
<tr>
<td>Feel Bad about Decision</td>
</tr>
<tr>
<td>Feel different</td>
</tr>
<tr>
<td>Wise Decision</td>
</tr>
<tr>
<td>Right Thing about Decision</td>
</tr>
<tr>
<td>Customer Loyalty (LOY)</td>
</tr>
<tr>
<td>Best to do business</td>
</tr>
<tr>
<td>Use when possible</td>
</tr>
<tr>
<td>First choice</td>
</tr>
<tr>
<td>Like using</td>
</tr>
<tr>
<td>Doubt Switch</td>
</tr>
<tr>
<td>Favourite</td>
</tr>
<tr>
<td>Customer Perceived Quality, Emotion and Price Value (QEP)</td>
</tr>
<tr>
<td>Consistent quality</td>
</tr>
<tr>
<td>Well made</td>
</tr>
<tr>
<td>Acceptable quality</td>
</tr>
<tr>
<td>Perform consistently</td>
</tr>
<tr>
<td>Enjoy this brand/org product</td>
</tr>
<tr>
<td>Relaxed using</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Item</th>
<th>BS</th>
<th>BCCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wanting to use</td>
<td>0.841</td>
<td>0.707</td>
</tr>
<tr>
<td>Feel good</td>
<td>0.815</td>
<td>0.664</td>
</tr>
<tr>
<td>Good product for price</td>
<td>0.768</td>
<td>0.590</td>
</tr>
<tr>
<td><strong>Customer Perceived Social Value (SOC)</strong></td>
<td>0.61</td>
<td>0.76</td>
</tr>
<tr>
<td>Good impression</td>
<td>0.716</td>
<td>0.512</td>
</tr>
<tr>
<td>Social approval</td>
<td>0.844</td>
<td>0.712</td>
</tr>
<tr>
<td><strong>Customer Affective Commitment (COM)</strong></td>
<td>0.56</td>
<td>0.93</td>
</tr>
<tr>
<td>Best of its kind</td>
<td>0.742</td>
<td>0.551</td>
</tr>
<tr>
<td>Proud of using</td>
<td>0.737</td>
<td>0.543</td>
</tr>
<tr>
<td>Agree with company</td>
<td>0.733</td>
<td>0.537</td>
</tr>
<tr>
<td>Care company fate</td>
<td>0.729</td>
<td>0.531</td>
</tr>
<tr>
<td>Inspire being good customer</td>
<td>0.783</td>
<td>0.614</td>
</tr>
<tr>
<td>Like operation</td>
<td>0.709</td>
<td>0.502</td>
</tr>
<tr>
<td>Like company</td>
<td>0.801</td>
<td>0.642</td>
</tr>
<tr>
<td>Special relationship</td>
<td>0.710</td>
<td>0.504</td>
</tr>
<tr>
<td>Help company</td>
<td>0.755</td>
<td>0.571</td>
</tr>
<tr>
<td>Enjoy doing business with Company</td>
<td>0.768</td>
<td>0.590</td>
</tr>
<tr>
<td>Do business because like it</td>
<td>0.768</td>
<td>0.590</td>
</tr>
<tr>
<td><strong>Customer OWOM (OWOM)</strong></td>
<td>0.62</td>
<td>0.89</td>
</tr>
<tr>
<td>Mention frequently</td>
<td>0.812</td>
<td>0.660</td>
</tr>
<tr>
<td>Told more people about this one</td>
<td>0.834</td>
<td>0.696</td>
</tr>
<tr>
<td>Seldom miss opportunity to tell</td>
<td>0.764</td>
<td>0.584</td>
</tr>
<tr>
<td>Tell in great detail</td>
<td>0.763</td>
<td>0.583</td>
</tr>
<tr>
<td>Proud to tell</td>
<td>0.772</td>
<td>0.596</td>
</tr>
</tbody>
</table>

*BS=Bootstrapping Sample; BCCI=Bias-Corrected Confidence Interval.
Discussion, Conclusions and Future Research

It appears that all the antecedents examined in this study have statistically significant effect on OWOM, either directly (H2, H3 & H4d) or indirectly (H1 and H4a-c). The antecedents, loyalty and affective commitment, have direct and positive effect on OWOM as expected, with the latter showing more pronounced effect. Satisfaction affects OWOM through loyalty. The relationship worth being highlighted is the one between customer perceived value and OWOM. As discussed earlier, this construct was found in this research context to include two distinct dimensions – perceived QEP value and social value. This empirical investigation emphasises the significance of QEP value that enables the formation of satisfaction, affective commitment and perceived social value. The results indicated that QEP value is a less immediate but critical antecedent. The findings suggest that customer perceived QEP value must first be created by a company for its customers. It is then experienced by customers and form customer satisfaction and loyalty, perceived social value, and affective commitment, and thus results in positive OWOM.

The significant direct effect of perceived social value on OWOM is another interesting finding. Whereas functional, economic and emotional elements of perceived value are importantly related to the product or service, the social element is tightly connected to the individual’s self-perception. To a certain extent, social value is also a means of conveying symbolic information to an individual’s social environment (Koller, Floh, & Zauner, 2011). Customers perceive this value as being acquired from a product’s or service’s association with one or more specific social groups. In collectivist culture such as China, people have an interdependent self-construal, and are driven to seek social approval and avoid social disapproval. Therefore, they tend to provide normatively desirable and socially appropriate responses (Lalwani, 2009). When making a purchase, customers often value the social meanings of the product/service in order to display his or her position in the group and get the approval of others. Individuals develop a self-image. Some products seem to match and enhance this self-image while others do not. Some researchers argue that customers engage in WOM to gain social reward (e.g., friendship, social acceptance and inclusion) (Ellis, 2000). They do so by talking up a brand or organisation in order to remind their social groups that they are similar to their group because they buy what the group buys. In collectivist culture, social networks provide one’s bearings and help to define who one is (Myers, 1999). People seek to express their interdependent self and tend to provide WOM to express their identity to the group. In addition, customers may engage in OWOM for social enhancement reasons. This is particularly evident among Chinese customers because of the role of face in their day-to-day activities. Face is a social need – a desire to have favourable social self-worth and to
be respected in relation to others and in social activities (Ting-toomey & Kurogi, 1998). It is interpersonal and is addressed more to a collectivist culture, which represents a more social concept of the self (Liao & Wang, 2009). China is largely Confucian, and is thus status-driven and ambitious (Doctoroff, 2005). Chinese are typically more concerned about how they are perceived by others, and try to maintain their social status through recognition from others. By telling others about their purchase or consumption, they gain face and recognition from their social circle. Likewise, when customers perceive low social value in a product or service, they are less likely to engage OWOM in order to avoid disapproval from their social groups.

This study examined these six constructs in a single framework, and thus provided a holistic view of the relationship between customer OWOM and its key antecedents. The primary results supported the common nature of already established understanding and perception regarding traditional WOM initiation behaviour. This suggested that, from the WOM sender’s perspective, the relationships between WOM engagement and its antecedents can also be applicable in the online context, and in an Eastern cultural context. This research confirmed that in order to encourage Chinese customers to engage in more OWOM activity, marketers should increase customer satisfaction, build strong customer loyalty, develop affectively committed customer base, and offer high quality, price, emotional and social value in their products or services to customers. Although values are subject to customers’ individual perceptions, they can be triggered by a company’s efforts regarding the communication of value-based product specifics and advantages. The current study was conducted in a single country. The extent to which the model can be applied and findings can be generalised certainly requires further investigation. Future research should include participants from other nations or cultural contexts to allow for further validation.

References


Does the Use of Facebook Lead to Purchases?

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Abstract
The ability of social media to attract large numbers of people around the world also makes these websites a platform of interest for advertisers. While these sites were hesitant at first to ‘sell out’ to massive amounts of advertising, advertising has produced for them a major revenue stream. However, an issue is whether the use of social media leads people to purchase. This paper will analyse the results of a survey of 169 Facebook users to determine the predictors for a purchase based on information from Facebook. The findings indicate that Facebook engagement, seeking friends, seeking information and gender are the main predictors of purchase.

Keywords: Facebook, Advertising, Purchase Predictors
Track: Digital Marketing and Social Media

1.0 Introduction

Social media has had a significant influence on communication, information gathering and purchase behaviour. Importantly, these websites do not just allow users to retrieve information but encourage interactive information sharing and user-generated content (Mangold & Faulds 2009; Kaplan & Haenlein 2010). These include networking sites such as Facebook, Twitter, Reddit, and LinkedIn, plus photo and video sharing sites including YouTube, Tumblr, Instagram, Flickr and Pinterest. They have been gaining extraordinary popularity around the world, and, based on over 400 million active users, if Facebook was a country it would be ranked 3rd in the world, behind China and India (Facebook 2013).

Many companies have capitalised on social media to build communities based around their products and to generate positive associations with their brand (Culnan, McHugh & Zubillaga 2010). For example, Laroche, Habibi & Richard (2013) found that building “brand communities” on social media has positive effects on a number of relationships including customer/product, customer/brand, and customer/company, which has positive effects on brand trust. However, despite the large audience and its positive effects, social media sites have been cautious to host advertising spots (Urstadt 2008). A concern of the social networking sites is that advertising will overly commercialise their site which will ‘turn off’ their members (Bagwell 2007). Many people are irritated by advertising and have developed a dislike so that they will actively avoid advertising (Baek & Morimoto 2012; Kelly, Kerr, & Drennan 2010; Lukka & James 2014). Also while social media sites allow advertising messages, they have little control over the content of links to which their members are being sent. In the past not all people have had positive experiences with online links and the internet in general, with many cases of deception, invasion of privacy, and fraud (Roberts 2010). Online security is an important issue that is a constant concern for internet users, which can affect people’s trust in websites and their sponsored links by advertisers (Miyazaki & Fernandez 2001; Yaakop, Anuar & Omar 2013). Yet despite concerns about e-purchasing, online commerce is a multi-billion dollar business, and advertising is growing online (McGowan 2013; Edwards 2014).
With the increasing amount of advertising expenditure in social media sites, the research objective of this paper will be to determine what are the potential factors, including advertising, that lead social media users to make purchases. To answer this, the paper will report the results of a survey of 169 Facebook users. This paper will contribute to the literature by identifying various factors that characterise those users who are most likely to make purchases based on information from Facebook. Furthermore, as there is growing interest in Facebook advertising internationally, we expand the research to Australia and present the results from a business perspective.

2.0 Background

2.1 Facebook Advertising

While Facebook is a social networking site, advertising has become an increasing part of the Facebook experience (Chi 2011; Curran, Graham & Temple 2011; Lukka & James 2014). Facebook advertising can come in the form of Facebook offers, promoted posts, sponsored stories, page post ads, Facebook object (Like) ads, and external website (standard) ads (Goyal 2013, 222). The cost for a Facebook advertisement varies depending on your budget and whether you would like to pay a cost per thousand impressions or cost per click. As for who sees your advertisement, there is flexibility whereby you can choose “the location, gender, age, likes and interests, relationship status, workplace and education of your target audience” (www.facebook.com/advertising). The slogan is: Advertise on Facebook. Over 1 billion people. We’ll help you reach the right ones. In Australia many SMEs are using Facebook for promotion due to its comparatively low advertising costs and worldwide reach (Jones 2014). Globally Facebook earns approximately $7 billion in advertising revenue and has over a million advertisers in total and growing (Edwards 2014; Luckerson 2014). However, there is concern that some research has indicated that social media does not influence people’s purchasing decisions (Luckerson 2014) and has low click-through rates (Bannister, Kiefer & Nellums 2013; Carmichael & Cleave 2012). This study will focus on the purchase of a good or service based on information from Facebook, and determines if the use of Facebook, including Facebook advertising, influences purchase.

2.2 Theoretical Predictors of Purchases from Information Obtained on Facebook

This study draws on “general attitude theory” and the expanded version of the “theory of reasoned action” (Ajzen and Fishbein 1973; Fishbein and Ajzen 1975, 1980). These theories suggest that attitudes help people understand their social world, define their perceptions about particular things, and how they behave towards them. This view of attitudes emphasises the relationship between beliefs, attitudes, intention, and behavior, which also form the basis of “persuasive hierarchy models” that is often used to study and understand advertising effects in literature on attitudes to advertising (Vakratsas and Ambler, 1999; Massey et al. 2013). Given that most advertising is geared towards generating purchases, the theoretical link between attitudes and behaviour would lead to the prediction that attitudes towards advertising on Facebook positively relate to purchases. As trust is a key determinant of attitudes (Wrightsman 1991), we also predict that trust towards Facebook advertising positively relate to purchases. The literature on motivations about Facebook use also provides potential factors that may be predictive of Facebook purchases. This body of literature is largely based on the uses and gratifications theory (Katz, Blumler & Gurevich 1974), which proposes that people are goal-oriented in their selection of media in order to satisfy their needs. That is, different uses or goals may address different needs. Within a social media
context, a number of factors have been identified as motives for using Facebook such as seeking friends, seeking convenience, seeking social support, seeking information, and seeking entertainment (Kim, Sohn & Choi 2011; Lampe, Ellison & Steinfield 2008). Given that seeking information is a fundamental step in the consumer buying process (Howard & Sheth 1969) and that both advertising and friend’s posts provide information about products and services, we predict that this factor – seeking information – positively relates to purchases. An additional factor that may predict purchase in our context is the degree to which people engage with advertising, products or brands on Facebook. Media engagement strong relates with purchase intent (Kilger & Romer 2007) so we expect Facebook users who like/share ads, or information about products or brands to be more likely to make purchases from Facebook information. Finally, as covariates we measure shopping enjoyment, tendency to shop online, and demographics.

3.0 Methodology

The data was collected from a convenience sample of undergraduate business students of a major metropolitan university in Australia. Students were briefed about the purposes of the research and requested to complete a self-administered online questionnaire. An incentive to complete the questionnaire was a chance to win $50 voucher for a department store. The questionnaire consists of items relating to personal attitudes towards Facebook, Facebook advertising, trust, shopping and demographic items. The scales were based on those from previous studies, including Kim, Sohn & Choi (2011), Lampe, Ellison & Steinfield (2008), Pollay & Mittal (1993), and Weiss (2012). A single item measure was used for the dependent variable for whether they had ever purchased a product or service based on information obtained from Facebook. A pre-test was undertaken after which some questions were revised and then it was made available online. The qualifying question was whether they have a Facebook profile. A total of 169 questionnaires were received, with 37% male respondents and 63% females, and the average age being 19.97 years old. Females on average spent more time on Facebook 2.22 hours per day compared to 2.01 hours for males. The number of Facebook friends ranged from 15 to 1,273. According to the respondents, 41.9% indicated that they had purchased a good or service based on information obtained from Facebook, with males making more purchases (24.19%) than females (17.71%). The main purchases were for services like travel and entertainment tickets.

3.1 Model

**Dependent Variable:** Facebook purchase was based on a single item “Have you ever purchased a product (examples: shoes, drink) or a service (examples: visit to a restaurant, tickets to concert) based on information obtained from Facebook?” This is coded as a dummy variable that takes a value of 1 if consumer has made a purchase and 0 otherwise.

**Explanatory Variables:** Several scales were chosen as variables for this model. A detailed list of the variables is available from the authors, but a summarised list reveals that they were: Behaviour (Facebook engagement), Motivations for using Facebook (Seeking friends; Convenience; Social support; Seeking information; Seeking entertainment; Researching people - based on Kim, Sohn & Choi (2011), Lampe, Ellison & Steinfield (2008)), Attitudes (Attitudes to Facebook Advertising – based on Pollay & Mittal (1993)), and Trust in Facebook advertising – based on Weiss (2012)), Shopping (Shopping Enjoyment; Tendency to shop Online), and Demographics (Gender, Age, and Household Size).
4.0 Results

As shown in Table 1, the overall Multinomial logistic regression model found that attitudes to Facebook advertising and trust in Facebook advertising did not have an impact leading to purchase. The variables that did have an impact are Facebook engagement, seeking friends, seeking information and gender as the main predictors of purchase. The odds ratio estimates indicate that an increase in Facebook engagement increases the odds of purchase by as much as 2.72 times than the odds of no purchase. Similarly, the odds of purchase based on information obtained from Facebook increase by 1.1 times for consumers actively seeking information on Facebook. In relation to gender, we find that for a male the odds of purchase are 3 times higher than odds for a female purchasing based on information from Facebook. However, the odds of purchase reduce for consumers that use Facebook to seek friends. Basically, respondents who are engaged on Facebook, are interested in using Facebook for seeking information, and males are more likely to make a purchase. Interestingly, attitudes to Facebook advertising and shopping were not significant predictors leading to make purchases based on information gathered from Facebook. The findings of this study highlight that Facebook is not only a medium of social interaction; it can also be a useful medium of information that has the potential to influence purchases. These results bear important implications for managers to provide relevant content or useful information in Facebook advertising and owned media vehicles (including website, Facebook page, twitter account, etc). First, the study highlights that users that are highly engaged on Facebook are more likely to be potential buyers and it is crucial for firms to understand the motivations that drive consumers to use Facebook. Second, firms can target their products to these engaged users by a deeper understanding of their usage habits and advertising products of their interest. Firms can also increase their conversion rates by gender based targeting on Facebook since men are more likely to make purchases based on information obtained from Facebook.

5.0 Conclusion

In this study we examine the determinants of purchase based on information obtained from Facebook. We analysed the results of a survey of 169 Facebook users. According to our theoretical predictions, Facebook engagement was a significant predictor of purchase, as was seeking information. Contrary to our predictions, attitudes toward Facebook advertising and trust on Facebook advertising did not relate to purchases. Although we did not have a prediction for the factor ‘seeking friends’, it appears that that people who use Facebook to seek friends are less likely to make a purchase based on information obtained from Facebook. For the covariates, only gender was a predictor of purchase, with males more likely to purchase based on information obtained from Facebook as compared to females. A limitation of this study is that, although all of the respondents were Facebook users, they were also undergraduate business students. Further research is recommended to broaden the sample of social media users to the wider general public. Also, the analysis was undertaken using a limited number of potential factors as predictors, which can be expanded in a larger study. It is hoped that by obtaining a better understanding of the predictors that lead to a purchase based on information obtained from social media, businesses can provide more relevant information to their potential customers.

References


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### TABLE 1: Facebook Purchase Model

| DEPENDENT VARIABLE: | Odds Ratio | Coef. | Std. Err. | t | P>|t| | [95% Conf. Interval] |
|---------------------|------------|-------|-----------|---|-----|------------------|
| **BEHAVIOUR**       |            |       |           |   |     |                  |
| Facebook engagement | 2.73       | 1.00  | 0.50      | 2.00 | 0.05 | 0.02 | 1.98             |
| **MOTIVATIONS FOR Fb** |          |       |           |   |     |                  |
| Seeking friends     | 0.91       | -0.09 | 0.05      | -1.73 | 0.08 | -0.19 | 0.01             |
| Convenience         | 1.10       | 0.09  | 0.07      | 1.32 | 0.19 | -0.04 | 0.23             |
| Social support      | 0.95       | -0.05 | 0.04      | -1.11 | 0.27 | -0.14 | 0.04             |
| **Seeking information** | 1.07 | 0.07 | 0.04 | 1.87 | 0.06 | 0.00 | 0.14 |
| Seeking entertainment | 0.98 | -0.02 | 0.06 | -0.28 | 0.78 | -0.13 | 0.10 |
| Researching people  | 1.03       | 0.03  | 0.05      | 0.68 | 0.50 | -0.06 | 0.13             |
| **ATTITUDES TO Fb** |            |       |           |   |     |                  |
|                      | 0.06       | 0.05  | 1.10      | 0.27 | -0.04 | 0.16 |
### Attitudes to Fb Advertising

| Trust in Fb Advertising | 0.98 | -0.02 | 0.05 | -0.39 | 0.69 | -0.12 | 0.08 |

### ATTITUDES TO SHOP

| Shopping Enjoyment | 1.16 | 0.14 | 0.21 | 0.68 | 0.50 | -0.27 | 0.56 |
| Tendency to shop Online | 1.17 | 0.16 | 0.14 | 1.13 | 0.26 | -0.12 | 0.44 |

### DEMOGRAPHICS

| Gender | 2.96 | 1.08 | 0.53 | 2.03 | 0.04 | 0.04 | 2.12 |
| Age | 0.98 | -0.02 | 0.09 | -0.20 | 0.84 | -0.19 | 0.15 |
| Household Size | 1.07 | 0.06 | 0.15 | 0.42 | 0.67 | -0.23 | 0.36 |
| Intercept | 0.00 | -6.50 | 2.70 | -2.41 | 0.02 | -11.78 | -1.22 |

Multinomial logistic regression – Model Fit

- Number of obs = 157
- LR chi2(14) = 22.35
- Prob > chi2 = 0.0717
- Log likelihood = -68.213373
- Pseudo R2 = 0.1408
Exploring the Role of Social Media in Business-to-business Relationship Marketing in Malaysia

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Abstract
Although there is an increasing trend of social media utilisation among businesses, research into social media utilisation is limited and focuses more on the business-to-consumer (B2C) rather than on the business-to-business (B2B) relationships. This paper investigates the role of social media in B2B relationship marketing. A qualitative research, specifically 26 in-depth structured interviews, was conducted with employees who work in relationship marketing fields in Malaysia. The findings indicate that although not as a prominent role, social media plays a role in time saving and a role in developing, maintaining and enhancing B2B relationship marketing. The findings also indicate that the prominent roles of social media in the B2B environment are as a medium for meeting perceived needs, information sharing and communicating. The value of this research lies in the analysis as it uses Leximancer software. Leximancer allows the researcher to automatically generate concept maps, hence reducing potential researcher bias.

Keywords: Social Media, Business-to-business (B2B), Relationship Marketing, Communication, Information, Perceived Need and Time.
Track: Digital Marketing and Social Media

1.0 Introduction

Business-to-business (B2B) marketers have been using the internet applications widely for several years (Leek, Turnbull, & Naude, 2003), and there is an extensive body of knowledge pertaining to the use of web-based marketing. The web has undergone exponential innovations represented by the evolution of the one-way computer-mediated environment (CME) to social media platforms or what have been termed Web 2.0 applications. Accordingly, many social media technologies, such as blogs, social networking sites, virtual worlds, collaborative projects, content communities, and virtual game worlds, are gaining popularity on the web and ultimately driving an increase in the number of social media users (Boyd & Ellison, 2007; Hassan & Pfaff, 2006; Kane & Fichman, 2009; Kaplan & Haenlein, 2009; Stenmark, 2008). The eventual impact of these media has been claimed by many scholars to change the way individuals and groups interact, communicate, and work with each other (Hirschheim & Klein, 2010; Majchrzak, 2009; Stenmark, 2008). In the business environment, the impact of social media has also been prominent in the sense of enabling and supporting new forms of communication (Curtis et al., 2010; Gentry, 2009; Greenberg, 2009) and collaborative practices (Andriole, 2010; Stenmark, 2008; Wagner & Majchrzak, 2007; Yates, Wagner, & Majchrzak, 2010). Despite the increasing studies on the evolution and impacts of social media (e.g. Bauer, Grether, & Leach, 2002), to date, there is still a dearth of understanding of the role of social media, especially in the area of B2B relationship marketing.

2.0 Literature Review

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Relationship marketing comes in many forms, types, and at various levels (Berry, 1995; Egan, 2011). Relationship marketing comes in the forms of B2C and B2B (Egan, 2011). In the form of B2B alone, relationship marketing comes in many different types such as long-term relationships, partnerships, strategic alliances, network organisations, or vertical integration (Webster, 1992). As illustrated in Figure 1, relationship marketing can be described using a continuum with discrete transactional exchange as the simplest form of relationships (Webster, 1992). The researcher adopts the perspective that, as businesses (and their relationships) move along the continuum, they have less market control based upon price but more administrative and bureaucratic controls.

![Source: Adopted from Webster (1992).](image)

Figure 1. The Range of Marketing Relationships.

In addition to forms and types (Egan, 2011), relationship marketing also exists with different levels of complexity (Berry, 1995). To further illustrate this point, the first level of relationship marketing depends greatly on the pricing strategies such as pricing incentives for ensuring a buyer’s loyalty level. However, the possibility to develop a competitive advantage for the seller with a pricing strategy is low as price is the most easily imitated element of the marketing mix. At the next level, relationship marketing depends mostly on social bonds such as the personalisation and customisation of the relationships. In addition to providing a seller with a competitive advantage, social bonds can also provide the seller with the buyer’s loyalty especially when its competitive advantages are weak (Berry, 1995). An aggressive pricing strategy, however, may still be an important element in the second level framework. The final level of relationship marketing depends greatly on delivering solutions to the buyer’s essential problems. When a seller can offer target buyers with value-adding benefits which are more expensive or difficult to receive elsewhere, the seller will develop a strong foundation in maintaining and enhancing relationships with its buyers (Berry, 1995).

Some relationships are developed through face-to-face communication and some are mediated through various technologies such as telephone, email and text message (L’Etang, 2008). As communication technology continues to evolve, businesses must also change and adapt their communication strategies in order to better develop, maintain or enhance relationships with their stakeholders. When it comes to relationships among businesses, marketers of B2B companies have started to utilise the web as one of the value-adding strategies (Sharma, 2002; Walters, 2008). For instance, social media has changed the way sellers run their businesses. Social media provides a platform for user participations and user-supplied contents (Waters, 2007), and connects users who have similar passions in activities and interests through online networks (Boyd & Ellison, 2007; Harden & Heyman, 2009).

In comparison to traditional media, the existence of social media has further enhanced the development of relationships. Anecdotal studies (e.g. Shih, 2009) indicate that social media is important for B2B companies. Based on Cone’s (2008) study, 93% of social media
users think that businesses should at least have a social media presence. Businesses can utilise social media, such as Facebook and LinkedIn, to interact with other businesses, develop relationships and trust, and to identify prospective partners (Shih, 2009). Yet, studies into social media are very limited, and consider B2C relationship to a much greater extent than the B2B relationship. The Google time-line trends show that a growing interest in social media began from 2004, whilst the interest in B2B social media started to emerge more recently in 2010 (Michaelidou, Siamagka, & Christodoulides, 2011). Hence, the main objective of this research is to explore the role of social media in the area of B2B relationship marketing, and answer the following research question.

**RQ: What is the role of social media in B2B relationship marketing?**

### 3.0 Methodology

For this research, an in-depth interviewing technique was chosen because this method allows the researcher to gather general information from the interviewees and to tap into the experts’ knowledge (Harrell & Bradley, 2009). An in-depth structured interviewing technique, each of approximately 30 to 60 minutes length, was undertaken with 26 employees from different organisations who work in the relationship marketing fields. Interviewees were chosen from different organisation sizes (small, medium, and large), and from 20 different industries because investigating responses from a range of organisation sizes and industry types will add depth to the investigation. The industries include financial, information technology, sales and marketing, fashion, oil and gas, health, food and beverages, agricultural, broadcasting, and electrical industries. The interviewees consist of employees, aged between 24 to 64 years old, who either work in private or government linked types of company. The face-to-face interviews were conducted in the interviewees’ companies in Malaysia. Malaysia was chosen as the context because it has shown 1) a high interest growth in relationship marketing and social media (Google, 2013), 2) a high number of internet users (We Are Social, 2012), 3) a high rate in internet penetration (Internet World Stats, 2010), and 4) a considerable growth in social media usage (Nielsen.com, 2011).

Depending on the interviewees’ preference, the interviews were executed either in Malay or English languages. Prior to analysing the data, all interviews were transcribed and interviews which were executed in Malay language were subsequently translated into English. In order to increase the depth and objectivity of the findings, the interview transcriptions were analysed using Leximancer software Version 4. Leximancer allows researchers to map out themes, concepts and associated relationships from the body of interview transcripts into visually compelling concept maps (Cretchley, Rooney, & Gallois, 2010). The software uses the automatic concept extraction (Smith & Humphreys, 2006), providing researchers with objective, unbiased, and automatic discovery while maintaining the researcher’s control over data exploration (Nisbett & Wilson, 1977).

### 4.0 Analysis and Discussion

Based on the content analysis of the interview transcriptions, a concept map was generated using Leximancer software. As illustrated in Figure 2, the concept map yielded the themes of social media, information, perceived need to use, relationship, time saving and communication. The findings suggest that the reasons why companies use social media for B2B relationship marketing are for time saving, relationship, perceived need to use social media, information, and communication. These reasons can best be divided into two
categories depending on the distance of each theme from the theme of social media. The first category includes the themes of time saving and relationship whereas the second category includes the themes of perceived need to use, information, and communication. In comparison to the theme of the second category, the themes of the first category are relatively distanced away from the social media theme. The close proximity of these themes toward the social media theme, indicate their level of importance as to why businesses use social media for B2B relationship marketing. As such, in exploring the role of social media in B2B relationship marketing, the themes of perceived need to use social media, information, and communication, appear to be relatively more prominent themes than the themes of time saving and relationship.

![Conceptual Map of Businesses which Use Social Media](image)

*Source: Developed for this Research.*

Although these roles are not as prominent, time saving and relationship appear to be among the reasons why companies use social media when interacting with other businesses. As explained by the employee from the Oil and Gas Industry relating to the time saving reason for using social media in the B2B environment, “it's the speed of [delivering] the content [that is] faster and reaches more people”. From the relationship perspective, the following comments indicate that social media plays a role not only in developing B2B relationships, but also in maintaining and enhancing the relationships:

We are quite new, we have to be very active, because we need to create more relationships with all the companies involved in our industry. [When] we don’t have any network or any relationship, we use social media to create the relationship. Sometimes we have to find the person in charge of the company, we use social media to follow them. From them, we can create the relationship, [and] maybe ask the phone number (Employee from Broadcasting Industry).

We have our internal social media we call Linx. Recently we just setup a joint venture. We use Linx as a platform to discuss any interest arrived within these two companies. Linx [allow us to be] more transparent to maintain relationship between these two companies and at the same time [allow us to] enhance, create more engagement among ourselves (Employee from Petroleum Equipment Industry).

The findings also suggest that the prominent reasons why companies use social media are for meeting perceived needs, as well as for information sharing and for communicating with other businesses. For example, an employee of the Electronic Commerce Industry...
expressed that “this company uses Facebook because it is a trend. Nowadays, Facebook is a trend among many people, so we have to follow the trend. And, I think when we use social media, we can get to know other companies because they are following the trend too.” Despite meeting perceived needs, information sharing also plays a prominent role of social media in the B2B environment. An employee of the Finance Industry articulated that “we use LinkedIn because LinkedIn gives information about the workers [such as] what are their achievements within the bank. [When] other companies know, they can [also] share the achievements of their workers too.” Additionally, companies also use social media to share information with everyone including non-consumers, as stated by another employee of the Oil and Gas industry, “[we use it as] mass communication to the public.” Another essential theme to emerge involves communication. As can be seen, the theme of communication is closely connected to the theme of social media which suggests that communication also plays a prominent social media role in the B2B environment. Among the reasons why companies utilise social media for communicating with other businesses include “our suppliers mainly are not in Malaysia. They’re all over the world, so we need to use Facebook or any kind [of] social media to get through to them, because of the cost. If we call them, it will be very costly for us” (Employee from Fashion Industry).

Since the existence of social media, technological advancements have constantly influenced business relationships. Many businesses have now started to use social media as technological tools to connect, engage, and develop relationships with prospects, clients as well as referral sources (Gentry, 2009). Social media initially attained popularity among users for various reasons including entertainment, information seeking, and communication (Armstrong & Hagel, 1996). Now, social media are known for their effectiveness in reaching other users, promoting a particular topic, and enhancing communication strategies (Curtis et al., 2010). Social media have also become increasingly important communication tools for businesses (Curtis et al., 2010). For instance, businesses can now use social media to gain exposure and opportunities through valuable and meaningful communication (Gentry, 2009) as well as through immediacy and transparency of communication with other businesses (Greenberg, 2009).

5.0 Conclusion

The research indicates that although it does not play a dominant role, social media never-the-less plays a role in time saving, and a role in developing, maintaining and enhancing B2B relationship marketing. The findings of this research also indicate that the prominent roles of social media in B2B relationship marketing are as a medium for meeting the perceived needs, information sharing and communicating. The findings should be interpreted in light of this research’s limitations. This study is exploratory in nature, thus utilising a qualitative approach. Unlike quantitative research, qualitative research does not allow generalisations to be made about the whole population, and its findings rely on the interpretation and subjectivity of the researchers. Therefore, in order to confirm the findings of this research, future studies should consider using a quantitative approach.

References


Info-active and Info-passive: 
The New Type of Consumer Classification

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Abstract
Social media platforms, that foster user generated content, have altered the ways consumers search for product related information. Conducting online searches, reading product reviews, and comparing products ratings, is becoming a more common information seeking pathway. This research demonstrates that info-active consumers are becoming less reliant on information provided by retailers or manufacturers, hence marketing generated online content may have a reduced impact on their purchasing behaviour. The results of this study indicate that beyond traditional methods of segmenting consumers, in the online context, new classifications such as info-active and info-passive would be beneficial in digital marketing. This cross-sectional, mixed-methods study is based on 43 in-depth interviews and an online survey with 500 consumers from 30 countries.

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Keywords: digital marketing, social media, consumer behaviour, consumer segmentation, user generated content, marketing generated content, info-searching styles, electronic word-of-mouth, purchasing decision-making.

Introduction
Social media platforms, at first, seemed an attractive playground for many companies who rushed into it only to be there first in the ongoing race for consumers’ attention. These companies suffered from a phenomenon called “technology ecstasy – a supreme love for newly developed technology” (Gunning, 2009, p.18). But only a few brands were successful in engaging consumers, while a majority use it to broadcast messages with little or no interaction with their audiences. Traditionally users utilised the Internet to read and watch content, or purchase products and services (Kietzmann et al., 2011). It is also suggested that the Internet may socially bind people from diverse locations (Becker and Mark, 2002), and help people cope with different problems (Barak et al., 2008). However, from marketing communication point of view, the crucial aspect of social media is to support interactions with brands by allowing consumers to recommend products or services and post reviews (Orr and Bush, 2007; O’Leary and Sheehan, 2008; Dwayer, 2007). This is typically achieved by engaging consumers in conversations about brands, in evaluating products and disseminating those evaluations. In marketing, this practice is known as electronic word-of-mouth (eWOM) and relates to different types of user generated content (UGC) such as: consumer created product reviews, ratings, and recommendations. The reach, magnitude and impact of eWOM on consumers are not yet thoroughly researched within the context of online marketing communication, although numerous studies have explored similar issues like: the value of online product reviews in forecasting sales, the impact on box office revenues, WOM marketing in online communities (Dellarocas et al., 2007; Liu, 2006; Kozinets et al., 2010). This study examines the aspect of online consumer behaviour in social media spaces that
fosters creation and posting of UGC. It explains this behaviour by using the model of info-active and info-passive searching types, clearly depicting two very opposite types – with numerous variations in-between the two polarities.

2.0 Literature review

Digital technologies had an irreversible impact on marketing practices, especially in the area of consumer behaviour, integrated communications, customer relationship, data management, branding, marketing governance, multichannel marketing and marketing optimisation (Chaffey, 2010). In the context of social media spaces that offer a plethora of market niches and various consumer clusters, the importance of understanding consumer behaviour, their personalities, usage of search engines, and the impact of intermediaries (content aggregators, social networks, mainstream media publishers and bloggers) may be vital for the development of a digital strategy (Chaffey et al., 2009).

The traditional marketing method for segmentation of consumers was based on demographic, geographic, psychographic, and behavioural characteristics (Bellenger and Korgaonkar, 1980; Lumpkin, 1985; Lesser and Hughes; 1986). Later studies that have looked at typologies of consumers within the context of online shopping have identified factors such as price sensitivity, involvement, purchasing intention, and choice of retailing channels (Chiang and Dholakia, 2003; Brown et al., 2003; Brengman et al., 2005; Jayawardhena et al., 2007). Barns et al. (2007) clustered Internet shoppers according to their personal shopping traits and cultural factors: risk-averse doubters (reserved and sceptical towards new experiences), open-minded online shoppers (high trust in online vendors), and reserved information seekers (use the Internet mainly for information search). Purchasing choices are greatly influenced by firsthand experiences or reliable advice from others, while trust, reputation and truthfulness are crucial for online interactions between people, brands and organisations (Eisenegger, 2009; Whitty and Joinson, 2008; Myskja, 2011; Massum et al., 2011). In this context, the component of trust is somewhat missing from online interactions (Dreyfus, 2009). While professional persuaders may mask their messages as word-of-mouth from peers (Levine, 2003), the reliability of online information sources becomes increasingly important in the context of info-search and purchasing decision-making (Gligorijevic, 2011). The behavioural component of consumers’ online practices presented in this paper assists in understanding what marketing communication messages, marketing generated content (MGC) or user generated content, are influencing consumers and impacting their purchasing decisions.

3.0 Methodology of research

This international study utilised a mixed research method (Tashakkori and Teddlie, 1998; Johnson et al., 2007; Plano-Clark and Creswell, 2008) and was a combination of a qualitative and a quantitative study. This methodology allowed “use of different types of [research] methods at different levels of data aggregation” (Tashakkori and Teddlie, 1998, p.18) and as such allowed better integration of findings. The qualitative component encompassed 43 in-depth interviews with online shoppers. The quantitative online survey collected 500 responses from respondents in different countries, namely consumers of digital technology products (high-involvement purchases) that have recently conducted product related online information searches. Both studies were conducted internationally, collecting data from respondents in Australia, Europe, North and South America and Asia.

The interviewees for the qualitative study were recruited using the snowballing recruitment method, utilising the researcher’s personal contacts to enlist frequent Internet shoppers in different countries. This study deployed a purposeful sampling technique, recruiting respondents that had conducted a recent online purchase and had previous experience with UGC and eWOM. The sample was divided into four age groups of mixed
genders. The respondents had different socio-economic backgrounds, education levels and professions. For the purposes of this study a semi-structured discussion guide was developed, using Hinkle’s laddering technique, exploring subordinate and superordinate constructs and their relationships according to respondents’ perceptions within the context of their recent shopping experience (Cohen et al., 2007). The interview questions included topics such as: recent purchases of digital technology products (DTP), use of online information sources to learn about DTP, websites visited, types of UGC, preferred formats of UGC, eWOM practices, participation in dissemination of eWOM, trust, reputation, and reliability of UGC. The responses to online survey were collected from participants from over 30 countries, utilising purposeful sampling – recent purchases or intentions to purchase a DTP. The viral distribution method, or viral sampling, was utilised to disseminate the survey link via computer mediated communication channels (Plowright, 2011), where the recipients were asked to pass on the invitation to interested parties. This was accomplished by utilising emailing lists, promotions in electronic newsletters and online forums (by editors and communities’ managers), and advertising on a social networking website – Facebook.

4.0 Findings

This study captured an apparent polarity of online searching styles among respondents. Although the model displays many variations between these two types, the clustering was at the poles of the scale – indicating that consumers’ online searching styles strongly diverge when looking for information on DTP while considering a purchase. This model (Figure 1) depicts the consumption of UGC, in the form of product reviews and ratings, during the information search phase of the purchasing decision-making process.

**Info-active** types are vigorous online researchers, well informed, acquainted with different types of online content, skilled in finding relevant information, using search engines listings and comparing rankings of websites, and frequently visiting websites that keep them informed and updated about news and products. Their online information searching time was overall longer than of the opposite type, and in some cases lasted several weeks. They were familiar with numerous websites that specialised in DTP, were able to provide their exact names and web addresses, and were overall less reliant on search engines. For this group of consumers the published online content was only the starting point in the information assessment process. They would further evaluate the reputation of websites, the quality of its published content, the reliability of the published information and users’ profiles (history and number of previous posts, topics of previous posts, writing style, quality of presented facts, relatedness to discussed topic, and true or false identity).

**Info-passive** consumers are more reliant on search engines, less keen to conduct long searching sessions, are superficially informed about new products – mostly what they have learnt from advertising or heard from their friends and acquaintances. They do not consume all types of UGC alike, preferring simple formats over those that require more attention to details or may be time consuming (such as threads in online forums). These consumers perceived longer forms of UGC as being somewhat less useful than the info-active consumers, and preferred shorter forms and product ratings. They were not concerned about the quality of user created product reviews, they did not question the origin of posted content (with regards to phony or shill reviews), and were not apprehensive about the type of websites on which they read product related information. Within this group a certain level of unawareness of stealth marketing practices was noticed. It was also found that blogs were not popular within this group, or used in their information search paths. To some extent, online forums were also neglected as potential sources of information. The time devoted to online research about products was significantly shorter in this group, as well as the number of product reviews read
before forming opinions (approximately five reviews). They mostly used only the first two pages of listings from search engines.

Figure 3: Two types of info-searching styles in the context of the purchasing decision-making process

These opposite styles, with variations between those two extremes, indicate strong differentiation in engagement and consumption of UGC. Different info-searching styles among consumers also indicate dissimilar attention to trustworthiness of content, reliability of information sources, helpfulness, ambiguity of information and other aspects in regards to credibility of content. While spending more time reading user created product evaluations the exposure to UGC is longer, hence the influence on info-active consumers is potentially stronger. In the case of info-passive consumers, the influence of brief reviewing forms (ratings, short recommendations) had a more significant effect. They prefer face-to-face word-of-mouth (recommendations) from people they know and suggestions from retailers, if convinced they were prepared to pay the top price. To them, the influence of online content was less essential to their purchasing decisions. Another significant difference between those two types of consumers is in the area of creation and posting of product reviews and ratings. While info-active consumers extensively search online, they also contribute to the evaluation of products by posting UGC. Info-passive types found writing of product reviews to be time consuming. Considering that a substantial number of product reviews are already available online, they did not find it necessary for every consumer to contribute. Hence, within this group the online participation rates were low or none.

Further, the online survey revealed high utilisation rates of search engines (72 percent) as a starting point of online searches. The most prevalent destinations for posting opinions and evaluations of products were: social networks and online communities (42 percent), retailing websites (31 percent), media/news websites and blogs (13 percent), manufacturing websites (8 percent), online reviewing websites (3 percent), and personal blogs (3 percent). Within those categories, the most popular websites for posting product evaluations were social networking websites and online communities, explicitly: Facebook and Twitter; retail stores Amazon and eBay; media news and blogs where comments and recommendations from consumers are encouraged. The least utilised social media websites for posting content were reviewing websites (e.g., Choice, Digital Photography Review) and personal blogs. These results demonstrate that a considerable number of consumers evaluated products on social


5.0 Conclusions

The results of this study are relevant to the demystification of users’ online behaviour during information search, consumption and posting of UGC, and its influence on consumers’ purchasing decisions. The new model of consumers’ searching style, info-active or dexterous researchers and info-passive or inert users of online content, depicts a new aspect of consumer behaviour in the social media milieu. This model provides a new classification of consumers based on their product related online information search practices, something that previous studies have indicated, but not fully identified (Chiang and Dholakia, 2003; Brown et al., 2005; Jayawardhena et al., 2007; Barns et al., 2007). Further, the info-active and info-passive model allows a more appropriate segmentation of consumers in regards to their sensitivity to and influence of MGC and UGC on their decision-making. Further, this study indicated that the impact of UGC on info-active consumers is mainly due to longer exposure to this type of content, preference towards elaborate forms of product reviews, level of understanding of stealth marketing practices, and developed methods of how to reveal their truthfulness. For info-passive consumers shorter forms of UGC, such as product ratings, may influence their purchasing decisions. Recommendations from friends, acquaintances or even shopping assistants may yield even stronger influence.

This type of new consumer segmentation allows marketers to develop a marketing mix for each variation of info-searching types. The best approach to reach info-active consumers is to have a comprehensive social media strategy, an in-house social media team that will monitor social media websites and respond to consumers’ product related inquiries and questions, and a high brand presence on websites that foster UGC such as online retailing sites (Amazon and eBay), online forums, blogosphere, and e-zines. To engage with info-passive consumers, a traditional marketing approach would be considerably more effective. Having highly rated products, recommendations from retailers and in-store advertising may be more influential in comparison to longer forms of UGC (elaborate product reviews, threads in online discussions) that were not very appealing to this type of consumer. Strong reputation and brand presence on social networking sites (Facebook and Twitter) is recommended for both types of consumers. However, controlling the initiation, dissemination and reach of eWOM in this environment is a difficult task and requires large teams and expertise. The mere presence of brands in this space is barely effective in persuading consumer to buy products, unless the marketers manage to engage consumers in online participation via creation and posting of UGC or eWOM.

At the general level, the findings presented here describe uses of Internet content and information consumption within the category of DTP, but are widely applicable to other high-involvement product categories and industries for example: travel and leisure, health, education, financial services. For the marketing and advertising industries it elucidates consumer behaviour and current trends in social media – where consumers look for product reviews, ratings and recommendations and how they influence their purchasing decisions. The new consumer segmentation type, info-active and info-passive searching styles, helps marketers to develop suitable strategies for a variety of market niches that flourish on social media websites.

References


The Addiction to Smartphones and FOMO Behavior in Brand Community Social Engagement

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Abstract

Many companies are trying to obtain the numerous benefits of social media by creating a Social Media Brand Community. Challenges in maintaining engagement in the social media community include the need for sharp content management through crowd sourcing and understanding the member behavior. An online survey was conducted to contrast the behavioral profile of a brand community member based on high vs. low Brand Community Social Engagement. Two behavioral variables were assessed: the Addiction to Smartphones and the Fear of Missing Out (FOMO). This study illustrated that the Addiction to Smartphone profile of members is not enough to determine whether someone will contribute positively to Social Engagement of a Brand Community. FOMO as a behavioral variable proved to be more influential on Social Engagement than Addiction to Smartphones did. The attachment of members to the community was more emotional and relational. Members with a high level of FOMO can potentially be used for powerful crowd sourcing.

Keywords: Addiction to Smartphones, FOMO Behavior, Social Engagement, Crowd Sourcing

Track: Digital Marketing and Social Media

1.0 Background

Crowd Sourcing, Addiction to Smartphones and the Fear of Missing Out (FOMO) are three of the various contemporary terms that relate to consumer behavior in the digital world that have rarely been discussed. FOMO in particular is used to better understand the unique behavior of consumers of social media.

Social media has become a hot topic in research. Its role in brand communication is increasingly recognized (Vinerean et al., 2014). Social media represents a group of Internet-based applications that allow individuals to create, collaborate, and share content with one another, and if used correctly, social media may help organizations increase their ability to put the consumer at the center of the social marketing process.

Companies compete when responding to the rise of social media and the formation and development of Social Media Brand Communities. Nevertheless, there are still many who do not realize that in social media communities, required management includes (1) sharp content management (one strategy is through crowd sourcing), (2) in-depth understanding of member behavior, and (3) how to improve social engagement in the community.

Attracting the audience’s attention through social media is not as easy as it used to be. Content competition has been rampant. Companies can no longer expect that anything that are written on their websites, Facebook pages or Twitter feeds, will be read by an audience. Social media managers feel creatively exhausted when they become the only source of media content. The level of community engagement is low when there is only one-way interaction on social media.
Currently, there is a growing phenomenon called crowd sourcing: increasing knowledge and discussion through the use of a variety of sources, including the experts in the field and members of the community (Daren, 2008 and Howe, 2008).

Giving work to the crowd (audience) results in benefits for the crowd and the company. First, the source of news becomes endless. There are a high level of engagement and good discussions. Second, the content that comes from the audience is appealing and creates a higher level of confidence in the intended audience because it is not derived from the brand owner. Content relating to consumer experiences that is posted on the Facebook fan page of a brand, for example, gives added value to the brand.

The right content will create stopping power and reflection and responses from the audience, and this is the focus of crowd sourcing (Daren (2008), Howe (2008), Surowiecki (2004)). Selecting the right crowd is the next requirement. If the right content reaches the wrong audience, then it will not engage the audience.

Crowd sourcing success in a Social Media Brand Community is measured by the number of followers, fans or friends, as well as the quality of the members and level of interaction. Therefore, it is important to understand the behavioral profile of the audience in order to evaluate its quality (Howe, 2008). When a brand engages those who have the appropriate behavioral profile, it will increase the level of engagement between the members and the quality of interaction and communication (Howe, 2008).

The objective of this study is to explore the link between behavioral profiles, such as Smartphone Addiction and the Fear of Missing Out (FOMO), and the Social Engagement of Members. This study will measure dimensions that are different from demographic profiles, which are still widely used to understand the behavior of social media communities.

### 2.0 Conceptual Foundation

A Virtual Brand Community is described as a platform where community members, either individually or in collaboration, create or co-create value for the brand (Porter and Donthu, 2008; Schau et al., 2009). The Virtual Brand Community that was studied here focused on social media platforms.

The quality of interaction among members of social media makes the community brand a powerful platform to create electronic word-of-mouth communication (e-WOM) (Sawhney et al., 2005, Thurau, 2011). Another benefit of this community includes increasing emotional closeness between members by way of their discussions and interactions based on the host brand (De Valck et al., 2009).

### 2.1 Social Engagement

Social engagement is an abstract concept with many different definitions in different studies. In this study, the definition of social engagement is consistent with its definition by Prohaska, Anderson and Binstock (2012), which explains that a person's social engagement refers to his or her participation in a social activities group. Social engagement in the context of this study excludes activities for which a person is being paid by the brand (brand endorser).

Key elements of social engagement activities include the interactions that involve giving or receiving (at least two people need to be involved for an interaction to be considered a social exchange). In brief, the explanation of social engagement that is outlined by Zhang, Jiang, and
Carroll (2011) refers to "the commitment of a member to stay in the group and interact with other members".

The level of social community engagement is stratified. The most minimal engagement includes only opening the account timeline and reading posts; discussing the content of a post and sharing content with a wider network represent increased engagement. Higher engagement is represented by a member responding to social media content regularly. This proof that the member is more attached to the brand than regular members.

Brand-related Social Media Engagement is best highest when a member acts as a writer/filler creator of content, plays an active role in the continuous discussion and, when necessary, to moderate as the discussion among of members.

2.2 Addiction to Smartphones

Because technology allows the Internet to be accessed via smartphones, there is a growing opportunity for people to interact in cyberspace. An ‘addiction to the Internet’ has been previously discussed and studied, but current researchers capture the specific behavior that is related to using a gadget/smartphone. Addiction to smartphones explains why people are attached to the gadget and feel connected to it.

People constantly use their smartphones to communicate with friends or their social network, to maintain relationships and to gain instant access to the most up-to-date information. The term ‘addiction’ was once limited to drugs or substances, but it is now also applied to gambling, the Internet, gaming, mobile-phone usage, and other behavioral addictions (Min Kwon et al., 2013). Addiction to smartphones is a new psychological problem that is caused by the rapid growth of the Internet and smartphones as the Information Technology industry is advanced.

2.3 FOMO (Fear of Missing Out)

Another behavior of social media users is the 'fear of missing out', or FOMO. Dependence on smartphones is related to the physical 'gadgets', but FOMO is more indicative of a person's psychological dependence on social media content. FOMO is a form of social anxiety and represents an anxiety wherein someone is very worried about missing the opportunity for social interaction, experiencing new things, discussing the news or participating in activities (Przybylski et al., 2013).

FOMO is characterized by a desire to remain continuously connected to what other people are doing. FOMO is most common in those people who experience a psychological need to be loved and respected. The Oxford dictionary explains that FOMO is the worry that an interesting or exciting event may be currently occurring elsewhere, and it is often stimulated by a post on a social media website.

The attachment to social media makes generation Y feel anxious when they log out of their social media accounts for a few minutes (Godfrey, 2013). A MyLife.com survey indicated that 56% of people are afraid of missing events, news and critical updates in the form of statuses if they are unable to check their social network. In fact, 26% of people are willing to trade daily activities such as smoking or watching TV for access to social media.”
Social Media Brand Community managers need to periodically evaluate the profile of members to understand the extent of Potential Engagement in the community. Unfortunately, many profiling social media community membership is still focused on demographic information. Research rarely highlights and explores the pattern of behavior profiles, which reflect the extent to which a member has the potential to be a 'soulmate' of the brand.

Two research questions that will be answered by this study are the following: (1) Is there a significant difference in the behavior of FOMO groups who have high vs. low levels of engagement in the Social Media Brand Community? (2) Is there a significant difference in the Addiction to Smartphones variable between groups with high levels of engagement and groups with low levels of engagement?

3.0 Research Methodology
The study begins with a literature review to determine the factors and variables related to various aspects of a person's behavioral profile in regard to social media. Then, in-depth interviews were conducted with several active users of social media in order to explore their behavior and obtain additional insights.

The findings from the literature and in-depth interviews were compiled into an online questionnaire in the pilot study that was given to 15 people. This small study provided feedback on the clarity of each question. Based on these results, modifications were made to make the questions more understandable for respondents.

The online questionnaire was distributed by sharing the link within community groups or sending an email to individuals. A total of 214 responses were submitted. After the responses were checked for completeness, only 176 could be used for this study.

The variables studied in this research included Social Brand Engagement in Communities, Addiction to smartphones, Fear of Missing Out (FOMO) and Social Media Networking behavior. The measurement scale was a 4-point Likert scale. The data were collected and were analyzed via factor analysis techniques to determine the goodness of fit. Then a reliability test was conducted to find Cronbach's Alpha values. The next test determined the significance of the differences for each Social Engagement variable for the different groups (independent sample t-test).

4.0 Findings and Analysis
From the collected data, data reduction procedures were performed via factor analysis. Table 1 shows the summary of the factor analysis and the reliability test. The addiction to smartphones variable, which originally assessed by 9 questions, was reduced to 5 questions with a factor score that was above 50%. Addiction to smartphones had a reliability of 0.847. The FOMO variable, which originally assessed by 14 questions, was reduced to only 6 questions after the factor analysis and data reduction, with a factor score above 70%. FOMO had a reliability of 0.847. Social Brand Engagement, assessed by 8 questions - which was the subject of this study, had a high Cronbach's alpha reliability value of 0.91. Through the use of factor analysis, it appears that all of the questions got factor scores above 60%. Table 1 listed the questions that remained for each variable.

Respondents were divided into two groups, with half having a Social Brand Engagement that was categorized as low and half being grouped into the high Social Brand Engagement group. The denominator is the average value of the Social Engagement mean. The respondents’
A demographic profile was as follows: For the low Social Brand Engagement group, 70% were female, 70% were aged 16-25, and 62% were university graduates. For the high Social Brand Engagement group, 71% were female, 90% were aged 16-25, and 67% were university graduates.

In order to answer the research questions, independent sample t-test was run. The results are listed in Table 2. Only FOMO behavior indicated significant differences between the high and low Social Engagement groups. The table shows that there are differences in the level of FOMO for both groups (the activity of the high- and low-engagement groups in brand accounts) based on the significance of the tests (F= 0.000 < 0.05 and t = 0.024 < 0.05 respectively).

<table>
<thead>
<tr>
<th>Table 1: Factor Score dan Cronbach’s Alpha</th>
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<tbody>
<tr>
<td><strong>Addiction to Smartphone</strong></td>
</tr>
<tr>
<td>- The last activity before sleeping</td>
</tr>
<tr>
<td>- The first activity after waking up</td>
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<tr>
<td>- Checking the gadget every 5-10 minutes</td>
</tr>
<tr>
<td>- Stealing time for gadget checking</td>
</tr>
<tr>
<td>- Not wanting to leave gadgets at home</td>
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<tr>
<td><strong>FOMO</strong></td>
</tr>
<tr>
<td>- I get worried when I find out my friends are having fun without me</td>
</tr>
<tr>
<td>- I feel jealous when my friends never 'mention' my name in the discussion</td>
</tr>
<tr>
<td>- I envy the seemingly successful lives of my friends when I check their photos on social media</td>
</tr>
<tr>
<td>- I fear my friends have more rewarding experiences than me.</td>
</tr>
<tr>
<td>- I get anxious when I don't know what my friends are up to</td>
</tr>
<tr>
<td>- I would like to know whether or not my friends hang out without me</td>
</tr>
<tr>
<td><strong>Brand Social Engagement</strong></td>
</tr>
<tr>
<td>- Read Posts</td>
</tr>
<tr>
<td>- Search the timeline of the Brand Account</td>
</tr>
<tr>
<td>- Join the discussion in the community of the Brand Account</td>
</tr>
<tr>
<td>- Retweet posts</td>
</tr>
<tr>
<td>- Follow the Brand Account</td>
</tr>
<tr>
<td>- Share content with other networks</td>
</tr>
<tr>
<td>- Mention the Brand Account in my posts</td>
</tr>
<tr>
<td>- Invite friends to join a discussion on the Brand Account</td>
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</tbody>
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<table>
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<tr>
<th>Table 2: Independent Sample T-test</th>
</tr>
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<tr>
<td>Variable</td>
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5.0 Conclusions
This study illustrated that the Addiction to Smartphone profile of members is not enough to
determine whether someone will contribute positively to the conversation intensity of a Brand
Community. Addiction to smartphones as a variable covered a broader range of activities than
Social Media Engagement did. For example, telecommunications activities outside of social
media were included, which are not directly related to the activities of the Brand Community.

FOMO as a behavioral variable proved to be more influential on Social Engagement than
Addiction to Smartphones did. In this case, the attachment of members to the community was
more emotional and relational. This study provided evidence that FOMO is one of the
behavioral dimensions that is linked to the content of social media communities. When good
content is produced, attachment and engagement should be maintained based on this
dimension. Members with a high level of FOMO can potentially be used for powerful crowd
sourcing.

The findings is interesting because it means that the Brand community needs to recruit more
high FOMO members rather than low FOMO members in order to obtain the potential
contributions of crowd sourcing to maintain engagement. Continuous engagement will
provide positive word-of-mouth communication for the brand.

This study recommends that the brand community owner should run a FOMO test
periodically, in order to capture the development of their FOMO in their members’ profiles.
When the membership portfolio consists of more members with lower FOMO, it would alarm
and indicate that crowd sourcing potential was diminishing. Owners have to maintain high
numbers of members with high levels of FOMO in order to obtain sustained social
engagement in the brand community.

Future studies need to be conducted to obtain a more holistic understanding of social
engagement in brand communities. For example, we need to measure the influence of
members’ offline attachments with regard to their levels of online social engagement. For
example, does the existence of gatherings and community activities that are outside of their
daily social media online activity have a positive impact on their overall social engagement?
It is also interesting to explore the relationship between offline social engagement and online
social engagement in several groups of community members.

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How do Aboriginal and Torres Strait Islander art organisations use technological networks in their business?

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Abstract
This paper presents the results of a study investigating how effectively e-business is being used by Aboriginal and Torres Strait Islander art centres and what the associated challenges and opportunities of doing so are. For eight selected art centres in remote Australia (Western Desert, central desert, west coast and the Kimberley) a number of common e-business activities were analysed, including email communication with images, stock control database, online news and blogs, newsletters and videos. In-depth interviews with nine staff members at the eight art centres provided further insights. Most participants indicated that e-business was important to them, although only about 10% of sales were estimated to be created online. This paper explores the practical and strategic choices faced by remote area, cross cultural enterprises as they face challenges in staying abreast of rapid technological shifts.

Keywords: digital business, art marketing, indigenous culture, indigenous microenterprise
Track: Digital marketing and social media OR Marketing & Society

1.0 Background
Whilst a significant knowledge base about e-business in broader industry exists, only a handful of empirical studies have considered the role of e-business and information and communications technology (ICT) in the Aboriginal and Torres Strait Islander art sector (Bendor et al. 2013). Cardamone’s (2007a) and Cardamone and Rentschler’s (2006, 2008) studies of Indigenous cultural microenterprises (ICME) provide the most comprehensive and relevant analysis on e-business adoption in the Aboriginal and Torres Strait Islander art sector to date. Their research indicates that, since 1999, elements of e-business have been adopted by the sector and that the use of websites for information display and email communication is widespread. However, because art centres were only one type of ICME sampled in their research, and both case study and survey samples were small, the research offers limited insights into art centres specifically. Further, extant research does not investigate how the internet is being used for commercial activities in the aboriginal art industry. To begin addressing this knowledge gap, Bendor et al. (2013) proposed a study to investigate the following three research questions:
1. How is e-business currently being used by Aboriginal and Torres Strait Islander art centres?
2. Which e-business practices in Aboriginal and Torres Strait Islander art centres are effective and which are ineffective?
3. What are the benefits and drawbacks, as well as opportunities and barriers to wider use of e-business in Aboriginal and Torres Strait Islander art centres?

2.0 Conceptual foundations of e-business
E-business refers to a diversity of commercial activities that are made possible through technological networks and the digital economy. It is concerned with web-based methods of doing business, providing services and collaborating with customers and commercial partners (Fillis et al. 2004). In order to maximise the benefits from technological developments, organisations tend to develop e-business models and are advised to continuously adjust and
renew them (Lin and Hsia 2011, Smith et al. 2006). Available research highlights: the importance of selecting specific ebusiness models for specific product lines. Each industry should use an ebusiness model that is suitable for its unique business (Cardamone 2007a).

According to Zott et al. (2011), ebusiness models have the following three key components: strategy, technological innovation, and electronic payment. Key success factors in ebusiness - strategic factors, content factors, promotion factors, and design factors have also been identified in the literature (House of Commons. 2005, Quesenberry and Sykes 2008, Zhang et al. 2012). Ranked as one of the most commercially effective ebusiness model is the user generated content (UGC) platform. Examples are websites such as YouTube and Flickr. Social network models (also built on UGC) have been evolving since 1999; examples are networks such as Facebook and Twitter. These models create value that may not be directly measured by revenue, but rather by exposure and awareness (Zhang et al. 2012). Niche groups are readily created on social media platforms and new customers may join the groups (Zhang et al. 2012). Information and announcements are then shared with the group and viral marketing is created. Users can send or forward a message to friends, which then get spread to additional people (Quesenberry and Sykes 2008). However, UGC websites have risks such as negative comments, and time must be designated to maintenance and content management (Zhang et al. 2012).

Research conducted by Lipiäinen and Karjaluoto (2013) emphasises the difference between one-way (company-driven) and two-way (consumer-driven) communication methods. Lipiäinen and Karjaluoto found that small businesses mostly use one-way rather than two-way communications. They also argue that small businesses tend to use social media as a one-way selling tool rather than an interactive two-way communication tool, indicating that it is challenging for small businesses to understand the benefits of social media. Lipiäinen and Karjaluoto suggest that companies should engage in social media activities only if they are able to invest in it appropriately. They recommend a focused digital marketing strategy that includes an emphasis on the website with supporting search engine optimisation (SEO), search engine advertising (SEA) and display advertising.

**Ebusiness in Aboriginal and Torres Strait Islander art**

Many artworks produced by Aboriginal and Torres Strait Islander artists are initially distributed by art centres (Coate 2008). There are approximately 100 art centres in remote Australia (Whittle 2013). They are distinct community owned organisations generally supported by public funds. They have social, cultural and commercial roles: they contribute to the wellbeing of members, they provide artistic professional development, they navigate between artists located in geographically remote and culturally unique communities and the art market, they connect Aboriginal and Torres Strait Islander people and non-Indigenous people, they act as wholesalers to private galleries, and they facilitate retail sales directly to customers (Coate 2008, Altman 2005, Wright and Morphy 1999).

Cardamone and Rentschler (2008) identified an increase of 50% in website development in the five years prior to 2000 and the five years following it. Art centres appear to use their websites primarily to have a web presence; the expectation of economic benefit was secondary. These websites also provided cultural context to visitors and the possibility to compare and examine art products. However, transactions including ordering, providing contact details, and payment often occurred by means of phone or email. Few organisations provided online payment facilities. As a result, the percentage of sales generated due to online activities was unknown. Moreover, in a recent study by Booth (2014) a survey of over 900 visitors to three large Aboriginal and Torres Strait Islander art events indicated that customers made the distinction between buying from online vendors that have a physical exhibition space and buying from vendors that are present solely online. Customers expressed minimal
trust in the latter. They indicated that an existing and trusting relationship with a vendor would enhance the chances of purchasing online. Additionally, data collected in this study showed that purchasing Aboriginal and Torres Strait Islander art online occurred only rarely.

3.0 Methodology

To obtain the data to answer the three research questions above, the study used a qualitative methodology with multiple case studies due to the exploratory character of this research. Roberts and Wilson (2002) recommend a qualitative methodology when (1) a community holds a limited perspective about a phenomenon; (2) the researcher has developed only minimal assumptions about the subject matter prior to handling the findings and (3) the general knowledge about the topic is limited. Following Eisenhardt (1989), who suggested using between four and ten cases for qualitative research, the study was informed by in-depth data from eight Aboriginal and Torres Strait Islander art centres (about 10% of the total number of remote Aboriginal and Torres Strait Islander community art centres). In their study of technology in indigenous cultural micro-enterprise, Cardamone and Rentschler (2008) also studied eight art centre cases. Data collection consisted of primary data collection by interviews. Participants were asked to provide qualitative information in the form of observations and insights, and quantitative information in the form of score rating and answers to multiple choice questions. Secondary data was also collected and analysed. This included analysis of business plans, statistic reports and internet speed tests. The selection of art centre case studies was undertaken in consultation with the Cooperative Research Centre for Regional Economics Project (CRC-REP) research team for the Aboriginal and Torres Strait Islander Art Economies project. Four selection criteria were identified: (1) advanced ebusiness scope and scale; (2) location (various remote locations in Australia); (3) purposefulness (potential to produce the most insights about the role of ebusiness in art centres, as per Leedy and Ormrod (2005) and (4) collaborative attitude (willingness to participate, as well as read and sign an informed consent letter).

The interview’s structure followed the five themes covered by the research questions, i.e. ebusiness strategy, implementation of technological innovation, promotional activities, content choices and customer behaviour. Persons interviewed at each art centre were those with the requisite knowledge about these themes, e.g. the art centre managers. The interviewing technique used a similar question structure and resembling questions in each individual interview in order to obtain authentic and credible descriptions of the situation. Furthermore, the interviews had a standard sequence which facilitated a comparison process during the data analysis phase (Barriball and While 1994). However, the interview format was adjusted to the level of detail and time dedicated to a topic according to the participant’s reply and engagement with it. As the questions were open-ended, the interviewee was encouraged to determine the level of elaboration or simplicity of the answer, seeing that the aim of the interview was to generate new insights on the different issues in collaboration with the participant (Denscombe 2010). The interviews were recorded and transcribed.

4.0 Key results and analysis

Data was gathered from nine interviews with managers or staff members from eight art centres. Two interviewees were employed by the same art centre, whereby one interviewee held the manager’s position (Participant 7) and the other was the sales and marketing assistant (Participant 8). The data analysis commenced as soon as each interview was completed, since a prompt and thorough data analysis has the potential to explain the relationship between diverse components of the results (Myers 2000). The interview data was analysed systematically in terms of the five interview themes. Consistencies and inconsistencies between participants were noted (Myers 2000).
How art centres are currently using ebusiness

Half of the art centres spent roughly $5,000 on ebusiness in the last year, which correlates to a particular ebusiness government funding program. Items and services purchased as part of the art centre’s ebusiness suite included iPads, laptops, IT support, stock management system upgrade, website development and training. Almost all art centres operated their ebusiness activities themselves, with limited staffing and time dedicated to the cause. Considering the multiple demands of art centre operations, the balancing of resources within the organisation presents challenges (Wilson-Anastasios 2011). Art centres used a trial and error method in managing their ebusiness, whereby they experimented with different activities to determine “what works and what doesn’t” (Participant 1). Many of the skills needed for ebusiness were self-taught and thus time consuming adding to the challenge of building an audience and establishing a loyal clientele, which requires persistence and patience and long timelines.

Art centres variously used the two-way communication exchange between customers, stakeholders and the organisation through UGC platforms, including social media and viral marketing (Lipiäinen and Karjaluoto 2013). Facebook (FB) was used by seven art centres. They joined FB between one and four years ago. The eighth art centre was planning to market the organisation through FB in the near future. Participants commented that they did not have a specific target or strategy for the use of FB. Five participants used FB to engage audiences and maintain online presence. Participant 4 advertised merchandise on it, selling low cost items ($15) through FB. While sales were consistent, the income level was not high enough to justify the resources and time required. Participants generally thought FB was becoming increasingly important. However, Participants 1 and 4 mentioned that they did not consider it as a selling tool and others found it difficult to quantify its effectiveness. Participants 6 and 8 doubted its effectiveness. Participant 6 used it because it was a free tool and didn’t require a great deal of investment. Participants indicated that through user engagement their FB page had “a life of its own” and some posts reached viral distribution. FB was able to engage different audiences and create energy and enthusiasm around the art centre. It also helped to attract people to the website. Three art centres used FB statistics to monitor the activity on their page.

Electronic payment is one of three key components of ebusiness (Lin and Hsia 2011). In art centres such payment systems are linked to an online gallery (or egallery) of artworks. Two art centre websites had shopping cart facilities. Participant 4 was satisfied by the online transaction facility, while Participant 8 was not. Three participants deliberately chose not to offer the service, arguing that this choice worked against important personal contact with customers. Participants 1 and 6 explained that they preferred to work with galleries because direct online sales were too labour intensive. However, Participant 4 used the website to exhibit pictures of artworks to its agents, allowing them to order stock in this way in direct communication with the art centre. Two participants worried that their stock control system would not ensure that every artwork that was on the online gallery would actually be in stock. The price range of the artworks on the art centres’ egalleries varied; artworks were mainly in the low and middle price points, though the pricing policies for egalleries varied. Participant number 5 sold the works online for 20% higher than the prices in the art centre, but 20% lower than the prices in partnering galleries. Art centres nominated a range of egallery practices that they found important, including selecting high quality images and not selecting large or expensive artworks. Some art centres ‘co-promoted’ egallery artworks with commercial gallery partners. Art centres would show these (exhibition quality works) on their egallery page, but direct buyers to the commercial gallery. Some participants suggested their egalleries could in future link each artwork with each commercial gallery. However, this technology was not yet available on their website.
Effectiveness of art centres’ ebusiness practices

The ability of art centres to negotiate and apply ebusiness success factors varied. Art centres’ strategic decisions are influenced by a range of external and third parties, including their web designer or IT consultant, customers feedback, current trends, available funding, previous online activities and website usability. None had undertaken analysis of their current ebusiness activities, but participants recognised the value of doing so. Participants were asked to rank the importance of their website to their overall marketing strategy (1=not important; 5=highly important). Zhang et al. (2012) provide a percentage score to judge the effectiveness of ebusiness models. They consider those ranked lower than 40% as mostly ineffective. The same logic was applied to effectiveness ranking by participants in this study. Based on the average score, participants rated the importance of their website to their overall marketing strategy at 76%. However, five participants acknowledged that the website did not contribute significantly to sales. Despite this, interviewees believed that the importance of the website will increase in the future due to new or planned developments.

Three participants estimated that 10% of sales were generated online. This included online transactions and website visits followed by sales enquiries, though the number of sales varied from regular weekly sales to a small number of random sales per year. Online sales income varied from $2,000 to $120,000 per art centre, though half of the participants could not provide an estimate of their sales income. However, participants also indicated that it is difficult to measure the sales that the website generates, as there is a significant level of ‘indirect sales’, for example customers who visited the website to browse before contacting the art centre to buy directly. There have also been some external factors, such as the loss of top artists and the global financial crisis, which have contributed to a decline in sales throughout the sector.

Perceived benefits & drawbacks, opportunities & barriers to wider use of ebusiness

The literature shows numerous ebusiness opportunities, for niche markets, as a marketing platform and for gaining profile in new markets (Lipiäinen and Karjaluoto 2013). Four participants acknowledged that ebusiness is important to them. Five participants highlighted the direct sales and in reaching new audiences through ebusiness. Four participants mentioned reaching markets overseas as an ebusiness opportunity. Three participants also considered the opportunity to support partnering galleries’ sales through ebusiness.

The literature also presents the drawbacks and challenges of ebusiness. Drawbacks are concerned with the problems with ebusiness, while the challenges refer to barriers that need to be overcome in order to establish strong ebusiness practices (Cardamone 2007b). A diverse range of drawbacks to ebusiness were outlined. All of the participants agreed that ebusiness was time consuming and needed to be updated frequently. Participants also expressed concern about costs of ebusiness, although one participant argued that good ebusiness did not necessarily require large budgets and that building an engaged audience needed to be done over a long period of time. The need for a dedicated space to stock the items that are for sale online, and the need for consistent production levels were also identified as drawbacks. Another comment involved concern about engagement of customers with the physical artwork, noting that experience with the artwork through real-life exhibitions is important. Online audiences and buyers also miss out on engaging with the artists, art centre or gallery. Potential for online content to be damaging to the organisation was also a concern. Participants also explained the demands of managing online content and marketing their online presence, especially if junior staff members were updating the website and social media. Finally, a concern was raised about standardising shipping costs for each sale to streamline online purchasing.
Zott et al. (2011) recommended measuring ebusiness opportunities against ebusiness challenges. Managing appropriate resources and skills, as well as negotiating competition, were some of the challenges noted in the literature. Numerous art centres highlighted the lack of capacity to operate ebusiness and manage direct sales. Five participants pointed out the need for appropriate skills, while Participant 3 noted the lack of available technical support in remote communities and the reliance on IT backup support resources “to keep it going” (Participant 5). Participants 7 and 8 explained that much of ebusiness knowledge was placed with a single employee, which presented a considerable business risk. In addition, staff argued that their roles required a varied set of skills. Each staff member had a strong skill set in some areas yet not in all areas. Technology skills were not necessarily included in these skill sets. It was also hard to find staff that wanted to engage with, and was interested in ebusiness. Participants 5 and 8 who have been in their role for more than five years, struggled with the rapid technological shifts and the need to stay on top of these changes. These participants felt disengaged with technology due to their age. They argued that technological innovations had no continuity, and that technology needed to be upgraded only if it was defect. The constant need to update and refresh systems and content was consuming considerable energy. Participants 1 and 7 commented that ebusiness was also challenging for older customers, due to their limited confidence with technology. The need to produce and upload good quality images was also identified as a challenge to ebusiness. In terms of servicing overseas markets issues of quarantine were raised, as well as the limitations of shipping large items to an international address.

There are elevated costs for creating and maintaining a web presence (Cardamone 2007a). Several participants discussed the art centre’s expenses on website development being up to $20,000. Despite this investment, several participants said their website did not meet their needs or were inefficient. They explained they had hired unsuitable web developers, including an overseas company and an interstate architecture company for their website development due to “bad advice.” One participant explained that in the past the art centre did not have a clear direction and lacked resources to make good decisions about ebusiness. Two art centres that were satisfied by their websites spent $800 and $4,000. The latter regretted not having engaged in the investment earlier.

5.0 Contributions

The study provides insights into user generated content at art centres, ebusiness decision making, estimated online sales, the obstacles to online shopping cart facilities and the numerous and entangled issues of financial and human resources. There may be a role for external agencies, such as government or peak bodies, to assist with developing a standard ebusiness plan or checklist for art centres to consider. These agencies could also potentially provide a list of recommended web developers, considering this study’s findings about the apparently high failure rate and wastage in art centre web development. More broadly, the study contributes to the resilience and performance of organisations that are involved in the preservation of culture and traditional heritage, while providing Aboriginal and Torres Strait Islanders with a greater voice and income opportunities through art.

Disclaimer: The views expressed in this report do not necessarily represent the views of CRC-REP or its participants.

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Identification of market mavens on social media

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Abstract
The proliferation of social media tools has led to a substantive blurring of the boundaries between organization and consumer. To illustrate, 92 of the top 100 global brands tweet more than once per day while around 20 per cent of all users’ tweets contain brand mentions. Consumers can no longer be considered simply as message receivers, but also as important message generators and propagators. In this study we use a two-phase methodology, including survey and social media data scraping, to illustrate that market mavens can be identified on Twitter through the following dimensions; user network, user behaviour, message readability and message structure.

Keywords: Market mavens, Social media, Twitter, Customer engagement
Track: Digital marketing and social media

1.0 Introduction
The proliferation of social media tools (such as Twitter, Facebook, YouTube, Pinterest, Reddit, and Tumblr) has led to a substantive blurring of the boundaries between organization and consumer (Aral, Dellarocas, & Godes, 2013). To illustrate, 92 of the top 100 global brands tweet more than once per day (Shively, 2014), while around 20 per cent of all users’ tweets contain brand mentions (A. N. Smith, Fischer, & Chen, 2012). These bi-directional marketing activities build interactive relationships between organizations and consumers. Consumers can no longer be considered simply as message receivers, but also as important message generators and propagators. Our objective in this study is to examine particularly market-motivated consumers (i.e. market mavens) and propose publically available social media metrics to constitute a decision support system that can be used to identify and target market mavens for marketing purposes.

Introduced by Feick and Price (1987), market mavens are individuals who act as hubs, gatherers and disseminators of general market information, and who have a perceived high level of credibility and expertise. Mavens are knowledgeable about many products, and about the place, promotion and pricing aspects of the marketing mix (Brancaleone & Gountas, 2007). Mavenism has taken on an even more important role in since the advent of social media, which has dramatically increased the visibility of consumer-generated word-of-mouth. Ho and Dempsey (2010) and Phelps, Lewis, Mobilio, Perry, and Raman (2004) describe ‘e-mavens’ as a particular group of people who acquire and spread information via electronic platforms. Throughout marketing history, endorsement marketing has always involved engaging with people with expertise or a good reputation to recommend products or services more widely (Li, Lee, & Lien, 2012). Market mavens are such a group, and one with whom marketers seek to engage on social media.

The challenge facing marketers is being able to identify market mavens on social media. If marketers were able to identify and target influential consumers like mavens, they would be able to disseminate marketing messages more efficiently and effectively via social media and also gather reliable feedback on trends in the marketplace. In this paper, we propose that marketers can use publically available social media data to do just that. Specifically, we
outline four main dimensions of market mavenism; user network, user behaviour, message readability and message structure. We then propose metrics, relevant to a major microblogging site, for each of these dimensions.

The following sections of the paper describe our focus on Twitter and present a range of hypotheses around the use of social media data to identify market mavens. We utilise a two-phase methodology, including a self-report survey and social media data-scraping approach.

We report findings of theoretical and managerial significance to the marketing and social media domains.

2.0 Twitter

One of the most favoured approaches for consumer engagement on social media is microblogging, and Twitter is the dominant micro-blogging platform. Twitter was launched in 2006 and now has more than 250 million active users generating an average of 500 million tweets per day (Twitter, 2014a). Research shows that a significant number of tweets mention a brand (A. N. Smith et al., 2012). From a market research perspective, Twitter is particularly open and amenable to public mining of ‘big data’ and thus analysis of consumer behaviour (Mostafa, 2013). This is possible through its application programming interface (API). Due to the sheer numbers of consumers on Twitter, identifying influencers is paramount for marketers (Pagani & Mirabello, 2011; Rishika, Kumar, Janakiraman, & Bezawada, 2013). However, this is difficult due to the aforementioned number of users, the volume of data they create, the real-time and high-velocity nature of the data, and the variety of the data where textual data is difficult to analyse (Mostafa, 2013).

As a brief introduction to the process and nomenclature of Twitter, messages sent through the services are called tweets. Tweets can contain text, images, videos, links and hashtags within a limit of 140 characters. By default, these tweets are publicly available. However, in a practical sense, users only are aware of the tweets from the other users that they choose to follow. Thus each user will have a list of followers (users who follow them) and following (users who they follow). Users are identified through Twitter handles, such as @ANZMAC. Thus, even public tweets can be directed at other users, enabling a level of interaction. A very common behaviour, as well as posting original tweets, is retweeting other users’ tweets. For example, if a user follows @ANZMAC and ANZMAC tweets about an upcoming conference deadline, it would be simple for that user to retweet that message so that all of his/her followers would also see it. This propagates messages across user networks creating a wider sphere of influence. Another function that is relevant to this study is the list function. Users are able to create separate lists within the users they are following. In this way, a user can create a list of the sports organisations he/she follows, which will display only their tweets. Likewise, a user could create a list of the market mavens he/she is following, which will display only their tweets. This is separate from the main timeline, which displays all the tweets of all the users being followed. Finally, there is the hashtag function. Hashtags allow for information classification. Thus, running a search on the hashtag, #AFL, will display a list of all the tweets on this subject from users followed and not followed. The hashtag function allows for trends to quickly develop and be tracked on Twitter, and has now also been introduced as a function on Facebook.

3.0 Conceptual Development

Based on a review of the market mavenism literature, we propose a classification of four dimensions that relates to mavens’ network characteristics, mavens’ behaviours, the readability levels of their messages and the structure of their messages. Appendix A provides an overview of these market maven dimensions, the related Twitter variables and descriptions, and units of analysis.
**User network**

Market mavens will exhibit higher levels of specific information provisions to other consumers across a range of product categories (e.g. Abratt, Nel, & Nezer, 1995; Barnes & Pressey, 2012; Feick & Price, 1987). Due to both market mavens’ efforts to share information to help others and the need from others for information, we propose that they are likely to be situated within a substantial network (Laughlin & MacDonald, 2010; Phang, Zhang, & Sutanto, 2013; van der Merwe & van Heerden, 2009). Thus we hypothesize that;

**H1a: Market mavens have a significantly higher number of Twitter followers compared to non-mavens**

Moreover, being seen as a source of expertise or a central actor within a network could lead to a classification by others of market mavens (Feick & Price, 1987; van der Merwe & van Heerden, 2009). Mavens tend to display a level of self-efficacy that provides them with the confidence to stand out from the crowd to assist others (Abratt et al., 1995; Geissler & Edison, 2005). In this way, consumers will likely be able to recognise mavens and identify them as valuable sources of expertise. Thus we hypothesize that;

**H1b: Market mavens have a significantly higher number of Twitter listings compared to non-mavens**

**User behaviour**

Market mavens are more likely to generate information in their chosen channels of communication (Abratt et al., 1995; Barnes & Pressey, 2012; Feick & Price, 1987). It follows that mavens’ usage of social media platforms such as Twitter is likely to be greater than non-mavens (Ho & Dempsey, 2010). Thus we hypothesize that;

**H2a: Market mavens have a significantly higher number of tweets compared to non-mavens**

As previously discussed, social media platforms like Twitter also facilitate information sharing, as well as information generation, by providing mavens with access to large amounts of information as well as the means to share it (via retweets). Previous research has found that market mavens collect, retain and share information (Brancaleone & Gountas, 2007; Higie, Feick, & Price, 1987). Thus, we hypothesize that;

**H2b: Market mavens have a significantly higher percentage of retweets compared to non-mavens**

Finally, with regard to user behaviour, we posit a positive relationship between market mavenism and information interactions. Twitter easily facilitates direct public interactions between users. Previous research has found that mavens’ altruistic behaviours around information sharing are actually driven by an interpersonal need for inclusion or belongingness (Price, Feick, & Guskey, 1995). It follows that mavens both initiate discussions about marketplace information and respond to requests from others for such information (Feick & Price, 1987; Walsh, Gwinner, & Swanson, 2004). In this way, mavens are able to achieve one-to-one social gratification for their information generating or sharing behaviour (Slama & Williams, 1990). Thus we hypothesize that;

**H2c: Market mavens have a significantly higher percentage of interactions compared to non-mavens**

**Message readability**

Market mavens tend to seek to influence their wider social network (Goldsmith, Clark, & Goldsmith, 2006; Ho & Dempsey, 2010). With this aim in mind, the style of their messages becomes important. Therefore, writing in a manner that is readable may be an important trait of mavens. The Automated Readability Index (ARI) is one approach to measuring readability of pieces of text (E. A. Smith & Senter, 1967). It produces an approximate representation of the US grade level needed to comprehend the text. We hypothesize that;

**H3: Market mavens have significantly more readable tweets compared to non-mavens**
Message structure
Market mavens are said to place some emphasis on self-esteem; that is the extent to which a person has a positive attitude about him- or herself. More than this, mavenism has been shown to be positively related to the personality trait of extraversion. Through extraversion, mavens may be able to distinguish themselves and maintain their social position (Goldsmith et al., 2006; Ho & Dempsey, 2010). Goldsmith, Flynn, and Goldsmith (2003) also found that mavens are more assertive than other consumers. There is a generally accepted etiquette online that the use of upper case is akin to shouting, or attention seeking. Thus we hypothesize that;

H4a: Market mavens have a significantly higher percentage of uppercase letters per tweet compared to non-mavens

Linked to this, we are also interested in the percentage of distinct words in mavens’ tweets. Due to the ‘noise’ on social media, it is difficult for individuals and brands to make their message stand out. With regard to Twitter, the official Twitter business website makes recommendations around the best tweet length for audience engagement. It is reported that tweets with less than 100 characters average 17 per cent higher levels of engagement (Twitter, 2014b). Engagement in this case is defined as retweets, replies or favourites. With this prior research in mind, it is highly likely that mavens will seek to keep their tweets shorter with fewer distinct words. Thus, we hypothesize that;

H4b: Market mavens have a significantly lower percentage of distinct words per tweet compared to non-mavens

Information classification via hashtags is a prominent function on Twitter, and one that market mavens may make significant use of. The hashtag function would allow for clear information classification and searching by both mavens and general consumers. Mavens do exhibit higher levels of specific information provisions to other consumers across product categories(Abratt et al., 1995). Mavens are also more likely to be comfortable with technology and display self-efficacy (Geissler & Edison, 2005; Ho & Dempsey, 2010; Ruvio & Shoham, 2007). Therefore, based on mavens’ needs to disseminate information in crowded online environments (Geissler & Edison, 2005), they may be more likely to utilise the hashtag function on Twitter. Thus we hypothesize that;

H4c: Market mavens have a significantly higher percentage of hashtags per tweet compared to non-mavens

4.0 Methodology
We collected the data for this study from members of the Amazon Mechanical Turk (MTurk) marketplace. Participants were required to be located in the United States and be ‘active’ Twitter users. We defined ‘active’ as having operated a public and personal Twitter account for at least six months, and having sent at least 100 tweets prior to the study being launched. Participants were asked to complete a questionnaire and agreed to provide their Twitter handle and consent for the researchers to follow their Twitter account. Of the 459 users who completed the initial survey, 36 were disqualified due to not satisfying the Twitter account requirements, leaving 423 usable responses.

In order to obtain the focal Twitter metrics, we used the Twitter application programming interface (API) to scrape the Tweets and download the basic Twitter profile variables on the collection date. Out of the 423 completed surveys, we were able to match and scrape the Tweets from 370 respondents, a matching rate of 87 per cent. The dropout is caused by spelling mistakes of Twitter profiles by the respondents, which makes it impossible to match it with a valid twitter account. This resulted in a total of 520,700 Tweets.

Self-reported market mavenism on Twitter was operationalized using three items adapted for the Twitter context from the original market mavenism scale developed by Feick and Price
Table 1 shows the three adapted scale items, measured on a 7-point Likert scale. A median split on the market mavenism construct is used to create a high and low level group. In the remainder of the paper, the high scoring respondents ($M_{Market\ mavenism} =5.07$, $M_{Age} = 29.19$, $Ratio_{Men/Women} = 1.26, n = 172$) are called market mavens, and the low scoring group are called non-market mavens ($M_{Market\ mavenism} =2.33$, $M_{Age} = 28.86$, $Ratio_{Men/Women} = 0.74, n = 198$).

Table 1. Description of Market Mavenism Construct adapted for Twitter.

<table>
<thead>
<tr>
<th>Market Mavenism (Cronbach’s alpha = .91)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I like introducing new brands and products to my followers.</td>
</tr>
<tr>
<td>I like helping my followers by providing them with information about many kinds of products.</td>
</tr>
<tr>
<td>My followers think of me as a good source of information when it comes down to new products or sales</td>
</tr>
</tbody>
</table>

5.0 Results

Appendix B provides the results of the hypothesis testing process using independent sample t-tests. In support of H1a, market mavens have a significantly higher number of other Twitter users that are following them compared to non-mavens ($M_{high} = 784.97; M_{low} = 174.61; t (175.98) = -2.17; p = .03$). However, H1b was not supported; the degree of market mavenism does not play a significant role in the number of listings Tweeters have ($M_{high} = 8.44; M_{low} = 5.25; t (279) = -1.40; p = .16$).

The hypotheses related to information generation on Twitter, H2a and H2c are supported. More specifically, market mavens generate significantly more messages on Twitter compared to their counterparts ($M_{high} = 1608.18; M_{low} = 1232.79; t (368) = -3.10; p < .01$), and they also have more personal interactions with other Twitter users ($M_{high} = 22.62; M_{low} = 18.95; t (335.48) = -2.02; p = .04$). However, in terms of information sharing, i.e. retweeting posts from other Twitter users, the market mavenism dimension does not play a significant role ($M_{high} = 22.62; M_{low} = 18.95; t (368) = .46; p = .65$). Thus, H2b is not supported.

Contrary to H3, market mavens write significantly less readable than non-mavens, i.e. the latter group has a significantly lower US grade level than the market mavens ($M_{high} = 8.01; M_{low} = 7.04; t (368) = -3.59; p < .01$). In support of H4a market mavens use significantly more capitals than the non-market mavens ($M_{high} = 8.51; M_{low} = 7.47; t (368) = -3.59; p < .01$).

There is marginal support for H4c, as the use of hashtags in the Tweets is higher for mavens ($M_{high} = 29.31$ vs $M_{low} = 24.44; t (332.81) = -1.86; p = .06$). Moreover, in support of H4b the results show that the non-mavens rely on a significantly larger variety of words compared to market mavens when writing their Tweets ($M_{high} = 27.92$ vs $M_{low} = 30.16; t (368) = 2.05; p = .04$).

6.0 Discussion

This study sought to illustrate that market mavens can be identified based on their user network, behaviour and message characteristics. Results indeed demonstrate that this is the case. Specifically, around the hypotheses on User network, we find that mavens do tend to have a greater number of followers on Twitter than non-mavens (H1a). This confirms previous research around the network size of mavens in an offline setting (Laughlin & MacDonald, 2010; van der Merwe & van Heerden, 2009), and also some conceptual research around mavens’ networks online (Phang et al., 2013; Phelps et al., 2004; Walsh et al., 2004).
Unexpectedly, we find that mavens tend not to be listed more on Twitter than non-mavens (H1b). Where being listed denotes a level of expertise and an interest in this expertise among the user’s followers, we would have expected the likelihood of market mavens being listed as high. This in a way disconfirms previous research, which has indicated that mavens would be particularly capable and central actors within their network, which would easily enable others to identify and classify them (Feick & Price, 1987; van der Merwe & van Heerden, 2009). Our finding infers that, on Twitter, it may be more difficult for mavens’ influence and expertise to stand out. A contrasting explanation is that the general nature of the maven’s expertise does not lend itself to narrow categorizations that generally make up these lists. A practical explanation may be the practical limitations of the listing function on Twitter. The social media blogger, Dave Delaney, recently stated that less than a quarter of his social media savvy audience at an event utilised Twitter lists\(^{18}\). The function is not immediately obvious in the Twitter interface, which could perhaps lead to under-use.

Regarding User behaviour, we find that mavens do tend to post more tweets (H2a) and interact directly more with other users than non-mavens (H2c). This supports our hypotheses and confirms previous research on mavens generally, in that mavens are more likely to generate information in their chosen channels of communication (Abratt et al., 1995; Barnes & Pressey, 2012; Feick & Price, 1987). Previous research has also found that they value interpersonal interaction, often responding to requests from others for market information (Feick & Price, 1987; Price et al., 1995; Walsh et al., 2004).

We do find, however, that mavens tend not to retweet more than non-mavens (H2b). We had hypothesized a positive relationship between mavenism and retweeting behaviour, which represents information sharing. This hypothesis was based on prior research that emphasized the role of mavens in seeking out and disseminating information among their network (Goldsmith et al., 2003; Higie et al., 1987; Walsh et al., 2004). Perhaps this finding can be explained in that market mavens on social media tend to be content creators, more than content sharers. Pagani and Mirabello (2011) have characterised different levels of behaviour and influence on social media. Where so much content is user-generated on platforms such as Twitter, it may be that mavens are more likely to create and disseminate their own content.

We find results around Message readability surprising, where mavens’ messages are actually less readable, that is more complex, than non-mavens (H3). We had hypothesized that readability would be higher for mavens, where they seek to communicate to and engage with wider groups of consumers (Goldsmith et al., 2006; Ho & Dempsey, 2010). In an attempt to explain the lower readability/higher complexity of market mavens’ messages, we return to literature that alludes to the importance of social position (Feick & Price, 1987; Walsh et al., 2004). Perhaps mavens try to achieve a higher position by communicating their expertise through the complexity of language in their messages. This is the opposite approach to communicating to the wider consumer group by creating easily readable messages, and is certainly an interesting finding regarding mavens on social media.

Our results around Message structure could also follow this line of argument, where we find that mavens tend to use more uppercase letters (H4a) and hashtags (H4c) in their tweets. The use of uppercase letters may confirm previous literature around extraversion as a personality trait, or a general need to attract attention through assertiveness (Goldsmith et al., 2003; Ho & Dempsey, 2010). The high use of hashtags, which represents information classification, confirms that mavens’ information provision is high on social media (Abratt et al., 1995), and that they are relatively comfortable with the norms around Twitter use (Geissler & Edison, 2005; Ho & Dempsey, 2010).

\(^{18}\) \url{http://daveadelaney.com/how-to-use-twitter-lists-like-a-pro/}
Finally, we find that mavens tend to use fewer words in their tweets (H4b). This supports our rationale that mavens will tend to keep their tweets shorter, as this increases the likelihood of garnering attention and engagement from their followers. Previous research focused on Twitter has shown that shorter tweets tend to lead to higher follower engagement, and research on online advertising generally shows that message length is negatively related to audience engagement (Baltas, 2003).

7.0 Conclusion and Implications
The research into market mavens in the online context is an important area to marketing and business research in general. This research demonstrates how market mavens on Twitter can be identified using freely accessible data via the Twitter API. This is a valuable contribution to the marketing and general business knowledge as social media usage and consumer communications are at the forefront of current business practices. Marketers will still need to make decisions about what mavens can do for their campaigns, and how they will engage with them, but having built a first step in identifying mavens we believe the way forward is bright with possibilities.

References


Phang, Chee Wei, Zhang, Chenghong, & Sutanto, Juliana. (2013). The influence of user interaction and participation in social media on the consumption intention of niche products. *Information & Management, 50*(8), 661-672. doi: [http://dx.doi.org/10.1016/j.im.2013.07.001](http://dx.doi.org/10.1016/j.im.2013.07.001)


### Appendix A. Overview of Market Maven Dimensions and Twitter Terminology.

<table>
<thead>
<tr>
<th>Market Mavenism Dimension</th>
<th>Twitter Variable</th>
<th>Description</th>
<th>Unit of Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>User network</td>
<td>Number of followers</td>
<td>The number of people that have agreed to receive your messages (or Tweets) through Twitter. If someone adds you to their ‘followers’, they ‘follow’ you.</td>
<td>#</td>
</tr>
<tr>
<td></td>
<td>Number of listings</td>
<td>The number of people that have added you to their own curated group or list of Twitter users. Lists are a way of categorising users posting (‘tweeting’) on certain topics.</td>
<td>#</td>
</tr>
<tr>
<td>User behaviour</td>
<td>Number of tweets</td>
<td>The number of times the user posts a new Tweet.</td>
<td>#</td>
</tr>
<tr>
<td></td>
<td>Percentage of retweets</td>
<td>The number of times the user shares a Tweet from someone else divided by his/her total number of Tweets.</td>
<td>%</td>
</tr>
<tr>
<td></td>
<td>Percentage of interactions</td>
<td>The number of times the user interacts with another Twitter user divided by his/her total number of Tweets.</td>
<td>%</td>
</tr>
<tr>
<td>Message readability</td>
<td>Automated Readability Index</td>
<td>The user’s average readability measure that gauges the understandability of the Tweet, while approximating the representation of the US Grade level needed to comprehend the text. The formula is given below: $4.71 \left( \frac{\text{characters}}{\text{words}} \right) + 0.5 \left( \frac{\text{words}}{\text{sentences}} \right) - 21.43$</td>
<td>US grade level</td>
</tr>
<tr>
<td>Message structure</td>
<td>Average percentage of uppercase letters</td>
<td>The user’s average of the Levenshtein edit distance between the original Tweet and the lower case converted Tweet divided by the total Tweet length. The Levenshtein edit distance represents the number of single characters that need to be capitalized to obtain the original Tweet.</td>
<td>%</td>
</tr>
<tr>
<td></td>
<td>Average percentage of distinct words</td>
<td>The user’s average of the sum of distinct words in the Tweets divided by the total Tweet lengths.</td>
<td>%</td>
</tr>
<tr>
<td></td>
<td>Average percentage of hashtags</td>
<td>The user’s average of the sum of the hashtags (#) used in the Tweet portfolio.</td>
<td>%</td>
</tr>
</tbody>
</table>
**Appendix B. Summary of Results.**

<table>
<thead>
<tr>
<th>Market Mavenism Dimension</th>
<th>Twitter Variable</th>
<th>Unit of Analysis</th>
<th>Market Mavenism Mean (Std)</th>
<th>Low level Mean (Std)</th>
<th>t-Value (df)</th>
</tr>
</thead>
<tbody>
<tr>
<td>User network</td>
<td>Number of followers</td>
<td>#</td>
<td>High level: 784.98 (3667.40)</td>
<td>Low level: 174.61 (474.61)</td>
<td>-2.17 (175.98)**</td>
</tr>
<tr>
<td></td>
<td>Number of listings</td>
<td>#</td>
<td>High level: 8.44 (25.93)</td>
<td>Low level: 5.25 (16.22)</td>
<td>-1.40 (279)</td>
</tr>
<tr>
<td>User behaviour</td>
<td>Number of tweets</td>
<td>#</td>
<td>High level: 1608.18 (1205.49)</td>
<td>Low level: 1232.79 (1120.53)</td>
<td>-3.10 (368) **</td>
</tr>
<tr>
<td></td>
<td>Percentage of retweets</td>
<td>%</td>
<td>High level: 13.50 (13.88)</td>
<td>Low level: 14.08 (13.86)</td>
<td>.46 (368)</td>
</tr>
<tr>
<td></td>
<td>Percentage of interactions</td>
<td>%</td>
<td>High level: 22.62 (18.78)</td>
<td>Low level: 18.95 (15.78)</td>
<td>-2.02 (335.48)**</td>
</tr>
<tr>
<td>Message readability</td>
<td>Automated Readability Index</td>
<td>US grade</td>
<td>High level: 8.01 (2.76)</td>
<td>Low level: 7.04 (2.43)</td>
<td>-3.59 (368) ***</td>
</tr>
<tr>
<td>Message structure</td>
<td>Average percentage of uppercase letters</td>
<td>%</td>
<td>High level: 8.51 (2.78)</td>
<td>Low level: 7.47 (2.32)</td>
<td>-3.87 (334.23)***</td>
</tr>
<tr>
<td></td>
<td>Average percentage of distinct words</td>
<td>%</td>
<td>High level: 27.92 (10.85)</td>
<td>Low level: 30.16 (10.16)</td>
<td>2.05 (368) **</td>
</tr>
<tr>
<td></td>
<td>Average percentage of hashtags</td>
<td>%</td>
<td>High level: 29.31 (27.18)</td>
<td>Low level: 24.44 (22.50)</td>
<td>-1.86 (332.81) *</td>
</tr>
</tbody>
</table>

* *p < .10; **p < .05; ***p < .01*
DIGITAL MARKETING AND SOCIAL MEDIA ABSTRACTS
Demystifying Sentiment Strength: Text-mining Speech Acts in Online Customer Reviews

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Abstract

Online text-based customer reviews have amplified and accelerated customers’ reach, to the point that nearly any sentiment shared about products and services can function as an influential product recommendation or dissuasion. Text-mining, is the proclaimed method to determine customer sentiment in these text-based accounts, yet confidence in the method has fallen due to its poor accuracies in the social media sphere. The authors draw on speech act theory and employ text mining on 57664 customer reviews, to deduce the sentiment strength implications of speech acts which expressively or implicitly convey sentiment. Moreover, the sentiment implications of speech act patterns (e.g. actual message development) are considered. A multinomial logistic model reveals that by accounting for these speech acts and patterns, accuracy in sentiment predictions can be almost doubled. Our findings suggest that managers, can significantly improve their sentiment analysis to better harness customer reviews, informing everything from product design to marketing.

Keywords: Sentiment text-mining, Speech act theory, customer reviews

Track: Digital Marketing and Social Media
Online Social Networking Increases Financial Risk-Taking

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Abstract

We posit that online social networking such as Facebook increases financial risk-taking because online social circles act as “buffers” against possible financial losses. One field study along with one lab study support our hypothesis. The effects only occur when people perceive their online social circles to be of high quality and when they have a collectivistic self-orientation. This research further provides theoretical richness to the cushion hypothesis by drawing on social capital theory in the sociological literature to extend the hypothesis to an online setting.

Keywords: Facebook, social networking, financial risk-taking, cushion hypothesis

Track: Digital Marketing and Social Media
Co-creating Value through an Online Health Community for Inflammatory Bowel Disease: An Application of Social Network Analysis

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Abstract

Online health communities have previously been identified as vehicles for the creation and dissemination of valuable consumer-created health information and support. This study uses social network analytical techniques to identify and profile key players in the co-creation of value within an online health community for people suffering from Inflammatory Bowel Disease. Detailed profiling shows that key players gain value primarily from the contribution of others, playing a stewardship role whereby they encourage and reward the contributions of other community members. Prior research into online health communities identifies roles for patients as both consumers and generators of information and social support. The significance of this research lies in the identification of stewardship as an additional role for health consumers operating within peer-to-peer health networks.

Keywords: Online communities, co-created value, consumer value, social network analysis

Track: Digital Marketing and Social Media
Twitter Content Analysis Framework: Classification and Coding of Twitter Content

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Abstract

The paper presents the Dann (2015) Twitter Content Classification framework. A five category framework, enhanced from the Dann (2010) framework through a relentless application of grounded theory during the classification of 100,000 tweets over a multi-year time frame. The resultant five category, two level framework is outlined, along with the applications of this approach to data from personal timelines, political campaign accounts, and social media hashtag events. Recommendations for the development and use of the classification framework for strategy and planning are also raised.

Keywords: Twitter, social media, content analysis

Track: Digital Media and Social Media
Determinants of Post Popularity in Facebook Brand Pages: Validation and Exploration

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Abstract

On Facebook brand pages engagement is measured by the number of Likes, comments and Shares a post generates. These three indices are also indicative of the popularity of a post. Previous studies applying a statistical modelling approach using brand-page data to investigate post popularity remain scant and the results are mixed. To re-investigate the mixed findings in two of these studies and to explore other potential determinants, 479 brand posts by a large multi-channel retailer were analysed. The results of the generalised linear model showed that content context may be more important to increase the number of Likes and Shares, than the level of interactivity. Oppositely, the level of interactivity was a more important determinant of the number of comments. The type of content only played a role in the number of Shares. Lastly, the results provided strong evidence that the post popularity of successive posts during a day decreases.

Keywords: Brand fan pages, post popularity, content context, content type, interactivity

Track: Digital marketing and social media
Conceptualisation of Perceptions of Payment Mode

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Dr. Russell BELK. rbelk@schulich.yorku.ca

Abstract

Although existing scales assess perceptions of money per se, none capture the mental and emotional experiences that the corporal quality of the payment mode generates. Attention has been devoted to the influence of payment mode on spending behaviour; little effort has been devoted to developing an appropriate measurement scale that captures perceptions of payment mode. This paper presents the conceptualization of payment mode perceptions scale (PPM) scale. It demonstrates the content validity of the scale using subject matter experts (SMEs). SMEs categorization reveal five distinct constructs: emotions to cash and card, social gratifications, money management and money spent. Implications for research and practice are discussed.

Keywords: Emotions, money management, social-personal gratification, money spent, payment mode

Track: Consumer Behaviour
Drivers and Outcomes of Online Customer Experience - A Conceptual Framework

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Abstract

Customer experience is the internal and subjective response customers have to any direct or indirect contact with a company. Customer experience in the online context has received inadequate attention both from the academics and professionals, although online shopping has become pervasive. Existing sporadic literature on customer online experience (COE) did not focus on customer experience throughout the entire purchase process covering all the touch points. This paper aims to explore the concept of COE and proposes a conceptual framework identifying the drivers’ corresponding to the stages of the purchase process that may affect customers’ cognitive and affective experiences. Further, the paper considers two outcome variables namely customer delight and e-WOM. Customer delight has not received adequate attention in the existing literature, although customers often feel devoted to spend time in online. Finally, the paper highlights theoretical and managerial implications of the research followed by the avenues for future research.

Keywords: Customer experience, customer online experience, purchase process, customer delight, e-WOM.

Track: Digital Marketing and Social Media
Making the Un-social Social - the Progressive Approach to Facebook Community Building

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Abstract

This paper explores the success of Flo The Progressive Girl, the heroine of Progressive Car Insurance. Analysis of wall posts and resulting engagement show a strong attachment to the brand mascot, but little evidence of brand community. Further, the success of the Facebook site does not translate into insurance loyalty. Thus, this Facebook site presents a strong dissociation between brand/service offering and the community it is trying to engage. The implications for business and suggestions for future research conclude this paper.

Keyword: social media marketing, Facebook marketing, brand communities, ROI

Track: Digital Marketing and Social Media
Luhmann’s Theory of Social Systems-A New Foundation for Research on Social Media

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Abstract

Digital social media are potent mass media platforms and are increasingly used as tools of communication for various areas of marketing. This highlights the need to extend marketing theory to guide the use of social media in marketing. In this conceptual paper we propose a theoretical foundation for such research. We adopt Niklas Luhmann’s interpretation of social systems as the theoretical foundation to provide direction for research on employing social media as a marketing communication platform.

Keywords: social media, Luhmann, systems theory, marketing communication

Track: Digital Marketing and Social Media
Knowing your Role: The Effect of Status Presentation on Participation Intentions in an Online Community

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Abstract

This research explores how two types of status presentation (points vs. titles) affect participation intentions and community connectedness in an online community. A pilot study shows that titles motivate users to participate more than points in a real online community. Study 1 shows that titles generate greater participation intentions than points, mediated by community connectedness. Role clarity drives the impact of community connectedness on participation intentions. Study 2 examines how the virtuality of the community (i.e., online vs. online + in-person) influences the positive effect of title-based status presentation on participation intentions. Study 3 tests whether user engagement can influence the relationship between status presentation and participation intentions.

Keywords: status, online community

Track: Digital Marketing and Social Media
CEOs Who Tweet: Brand Alignment and Interaction

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Abstract

This paper investigates CEO Twitter usage to understand the influence on their corporate brand alignment and the intended and unintended consequences on their corporate brand. In this paper using corporate branding frameworks, we answer three research questions as they relate to CEOs’ use of Twitter (a microblogging social media platform):

What are the key themes CEOs Tweet about?
How aligned are CEO Tweets with their corporate brands?
How interactive are CEO Tweets?

Nvivo 9 and SPSS were used for content analysis of 100 tweets by 20 CEOs (n2000) and their associated organisational brand statements. Corporate brand minders should be reassured from the results as the CEO tweets contain high levels of corporate brand alignment at first the interaction. However, while first level alignment is strong alignment weakens with more interaction. CEOs should be aware of this, and equipped with broader message toolboxes and extended brand language enabling more aligned interactions.

Keywords: Social media, Twitter, corporate brand, brand alignment

Track: Digital Marketing and Social Media
Customer Brand Engagement Behaviour in Online Social Networks:
A Conceptual Framework

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Abstract

There are over 15 million brands who have company pages registered with the social media site, Facebook (Koetsier, 2013) and more than 50% of social network users are ‘fans’ of brands within social networks (Van Belleghem, Marloes, & Veris, 2011). Despite this extensive use of social media in marketing, many marketers include social media in their marketing strategy with limited understanding of how to effectively engage consumers. This paper introduces a theoretical model to explain how customer brand engagement behaviour is strategically facilitated through social media content. Using uses and gratification theory, it demonstrates the role of informational, entertaining, social and remuneration social media content to achieve customer brand engagement behaviour. A customer brand engagement behaviour framework is developed, providing an explanation of how consumers positively, and negatively, engage with a brand in a social media context; thus contributing a tool to enable further empirical studies examining engagement behaviours online.

Keywords: Customer brand engagement, social media content, negative brand engagement, uses and gratification theory

Track: Digital Marketing and Social Media
INDUSTRIAL MARKETING
FULL PAPERS
Ambidextrous Innovation Use within University Spin-off Organisations

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Abstract

The use of ambidextrous innovation strategies resulting in positive outcomes from research commercialisation processes is inconsistent and has not been considered within university spin-off organisations. This research investigates the development of innovation and technical trajectories within a university spin-off organisation and how these trajectories influence the outcomes of innovation processes. This research indicates that both technical and innovation trajectories operate during successful phases of innovation, while innovation trajectories dominated the phase that resulted in negative outcomes (such as the liquidation of the start-up organisation). In conclusion, ambidextrous strategies are important for reconfiguration of resources within complex processes of innovation creation, as they allow for greater flexibility to adapt trajectories to suit changes in the environment.

Keywords: Ambidextrous innovation, leximancer, innovation paths

Track: Industrial Marketing

Introduction

Universities are beginning to focus on how to improve the value generated from innovation development (Ndonzuau et al., 2002; Conceição et al., 2012). This currently “unrealised” value is a strategic resource, which could improve revenue and importantly reputation as a leading knowledge generator. Yet, there has been little research focusing on the business model of university spin-off organisations (Clarysse & Moray, 2004), with most emphasis focused on partnerships between universities and private organisations (e.g. Lundberg & Andresen, 2010). This research paper conducts a case study focusing on a university spin-off organisation and their journey towards unlocking innovation value.

Innovation follows complex processes of resource re-configuration to develop new products or processes (Andriani, 2011). This paper focuses on resources required along the innovation and technical paths undertaken by the organisation (Thrane et al., 2010). This categorisation also aligns with the notion of exploratory and exploitative learning, or, if conducted together, ambidextrous learning. Further research into ambidextrous learning and path dependence is required with the current research on ambidextrous innovation showing inconsistent results (Simsek et al., 2009).

This research brings together the focus on university spin-off organisations and ambidextrous path analysis, which has not been previously considered. Their combination resulted in the following research question: How does the development of ambidextrous paths (innovation and technical) influence the innovation creation within a university spin-off organisation?

Literature Review – University Spin-off Organisations
Although universities are pushing towards greater commercialisation of their research output, there are currently a number of barriers limiting these processes. Firstly, the university culture doesn’t encourage commercialisation, but rather focuses on the ‘publish or perish’ culture. While publishing research outputs may align with the notion of public good or improving measurable research output, it doesn’t align with a policy of commercialisation, where knowledge needs to be retained in-house (Vohora et al., 2004; Ambos et al., 2008). Therefore, unless the institution is prepared to delay publication, new knowledge reaches the public domain before commercialisation value is realised. Secondly, university researchers tend to have specialised skills and lack skills in relation to market development, business management and intellectual property processes (Vohora et al., 2004; Clarysse & Moray, 2004; Conceição et al., 2012). These skills are critical to successful commercialisation processes and require innovation champions to learn these skills. Such a steep learning curve may not be appealing, thus, limiting the effort put in by the innovation champions (Clarysse & Moray, 2004). Thirdly, academic researchers may not have diverse network resources from which they can access business management knowledge (Clarysse & Moray, 2004; Ostendorf et al., 2014). Accessing diverse sources of knowledge via the researcher’s social network is an important component for successful innovation (Rizova, 2006). Developing new diverse networks and the social capital required will draw resources away from the researcher’s main passion – exploratory knowledge generation. Lastly, relying on industry partners to commercialise research output may not be a good strategy if the innovation is market disruptive or the industry partner cannot foresee the offering complementing current strategies (Vohora et al., 2004). For market disruptive innovations, industry partners may perceive the research as a threat to their current operations and actively discourage commercialisation.

Overcoming the above barriers requires researcher to re-configure their current resources towards different foci (e.g. business development) from which they have a low starting point. One strategy used to surmount obstacles is the introduction of professional management, though the timing of this strategy and impact over exploratory research trajectories is an important consideration (Clarysse & Moray, 2004). Overall, there is a requirement for the original research champions to re-configure resources away from exploratory innovation processes, towards exploitative processes, thus, requiring the development of ambidextrous research skills.

**Ambidextrous Innovation**

Ambidexterity has been described as “*an organization’s ability to perform differing and often competing strategic acts at the same time*” (Simsek et al. 2009, p. 865). This research focuses on innovation processes of exploration and exploitation, where the trade-off is around allocating competing resources and managerial demands in either direction (Lin et al., 2013). The trade-off is that by focusing on too much exploration, organisations will not gain value from knowledge generated. On the other hand, focusing on too much exploitation leads to lack of future competency renewal building, the likelihood of competitors quickly bringing newer models to market is increasing and consequently this would lead to obsolescence of the innovated product. Current research focuses on the optimal trade-off between the two approaches and the consequences of pursuing one over the other. Previous research on the benefits of ambidextrous innovation is inconsistent (Simsek et al., 2009) with some studies indicating benefits (e.g. Lin et al., 2013) while others suggesting little improvement (e.g. Sullivan & Marvel, 2011).
Another aspect of ambidextrous innovation is whether organisations pursue exploratory vs exploitative innovation simultaneously or sequentially (Simsek et al., 2009; Sullivan and Marvel, 2011). Simultaneous paths have two outcomes: the possibility of reinforcing each other, leading to greater improvements than it is possible individually (Araujo & Harrison, 2002); risk of contradictions that negate the benefits gained. Thus, management direction plays an important role in minimising negative influences and maximising positive influences. Sequential development of ambidextrous innovation allows for less managerial demand on resources due to the inherent minimisation of contradictions. Yet, it may influence the timing of new products onto the market, thus, potentially impacting potential opportunities gained. In either case, Simsek et al. (2009) highlight that there is no right solution, but it rather depends on the context of the industry in which the innovation is developed and on the stage of innovation focus (i.e. research phase to sustainable returns phase Vohora et al., 2004).

Ambidextrous Paths

Understanding path dependencies of innovation is important (e.g. see Dosi, 1982; Jenkins & Floyd, 2001; Araujo & Harrison, 2002), but is a complex and difficult area in which to conduct research (Purchase et al., 2014). Different aspects of path dependence of innovation have been investigated including: individual products (Thrane et al., 2010; Van de Van et al., 2008, Lin et al., 2013); organisational decisions (McCarthy et al., 2006); an industry (Jenkins and Floyd, 2001); or a wider network (Purchase et al., 2014). This research investigates two different types of paths: innovation and technical paths (Thrane et al., 2010). Technical paths outline the technical events, which develop the idea, aligning with exploratory innovation processes, while, innovation paths outlined events related to “a specific strategy, business model, or organisational approach to innovation” (Thrane et al. 2010, p. 941) aligning with exploitative innovation processes. The idea of ambidextrous paths is that both types of paths are working together simultaneously and this influences innovation development.

Method and Case Description

A single case study was conducted into a university spin-off organisation developing a product for the photovoltaic (PVC) energy industry. This method was considered suitable as it allows exploration on the emergence of paths through multiple perspectives and gaining rich insights on novel phenomena (Yin, 2009). Data consisted of both face-to-face interviews and publically available secondary resources, such as newspaper articles, grant information, and websites.

The focal innovation was first discovered (not planned) as part of a PhD project, where the student and supervisor envisaged potential markets immediately. The innovative product was developed separately from the PhD project, by the two main researchers, before being fully considered for commercialisation. Commercialisation strategies gained commitment when the product was demonstrated to Uniseed (a company connected to the institution) who adopted the product as part of their portfolio around 2005. Once commercialisation began, the research champion (student) began the process of developing potential market and business knowledge through diverse networks (with the assistance of Uniseed). An example of this process was the student working in conjunction with an MBA class to develop a preliminary business plan. Once initial seed funding was forthcoming, a company was formed and a professional manager hired. This manager guided the company
through a number of rounds of venture capital raising, which resulted in the company shifting to the US in 2007 to further work within the PVC US market to develop the product. The company further developed the product and began developing a manufacturing plant in 2009-2010. However, due to a number of internal and external factors, the US organisation filed for bankruptcy, before the manufacturing facilities became operational in 2010. Once bankruptcy proceedings were complete, the two initial researchers then began a new organisation to commercialise the product. Learning from past events, the new company followed a very different business model and conducted further exploratory research to overcome technical issues discovered while in the US. The company is currently in a joint venture with a large European company offering a package of product and application. The data analysis was split into three chronological phases: growth phase (2005-2007), internationalisation phase (2007-2010), and re-start (2010 – onwards).

Data Analysis and Results

Data was analysed using Leximancer to compare changes in the mental maps over the three phases of development. Leximancer constructs a semantic map of multiple actor perceptions and uses a learning algorithm to develop clusters of related concepts, called themes (Smith & Humphreys, 2006). Figure 1 below shows the semantic map for the growth phase, as an example. Position, colour, and size are relevant for interpretation. Hot colours (red, orange) indicate the dominant themes (here, market and money), while cool colours (blue, purple) signify themes that are ‘peripheric’. The centrality of the market theme in the discourse of the organisation is confirmed by its location.

Figure 1: Semantic Map for Growth Phase

![Figure 1: Semantic Map for Growth Phase](image)

The hierarchy of concepts and themes in the maps, which is based on the co-occurrence of the textual information, is then provided in Table 1. Table 1 outlines the differences and similarities between semantic maps over the three time periods and also highlights the relevance of each concept within the given time period. The rows filled in darker grey indicate the growth phase, no fill indicates the internationalisation phase, and light grey fill indicates the re-start phase. The code column indicates whether it related to a technical (T) or an innovation path (I).
### Table 1: Leximancer Results

<table>
<thead>
<tr>
<th>Theme</th>
<th>Concepts</th>
<th>Code</th>
<th>Concept Relevance</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market</td>
<td>Market</td>
<td>I</td>
<td>100%</td>
<td>Gaining knowledge about the market and selecting a market for the innovation</td>
</tr>
<tr>
<td></td>
<td>Technology</td>
<td>I</td>
<td></td>
<td>Potential of the technology in different markets</td>
</tr>
<tr>
<td></td>
<td>Business</td>
<td>I</td>
<td></td>
<td>Business development for the innovation</td>
</tr>
<tr>
<td></td>
<td>Product</td>
<td>T</td>
<td></td>
<td>Getting the innovation into a product</td>
</tr>
<tr>
<td></td>
<td>Development</td>
<td>I</td>
<td></td>
<td>Business/Market development</td>
</tr>
<tr>
<td>Money</td>
<td>Money</td>
<td>I</td>
<td>67%</td>
<td>How money was raised</td>
</tr>
<tr>
<td></td>
<td>Time</td>
<td>I</td>
<td></td>
<td>Time spent in commercialising the innovation, different events that occur</td>
</tr>
<tr>
<td></td>
<td>Work</td>
<td>T</td>
<td></td>
<td>Work required to be done for commercialising innovation</td>
</tr>
<tr>
<td>Solar</td>
<td>Solar</td>
<td>T</td>
<td>29%</td>
<td>Progression to solar application, potential of solar market</td>
</tr>
<tr>
<td></td>
<td>Coating</td>
<td>T</td>
<td></td>
<td>Possible applications of the technology, benefits of innovation as a coating</td>
</tr>
<tr>
<td>Company ROUND</td>
<td>Company Round</td>
<td>I</td>
<td>25%</td>
<td>Formation of spin-off company</td>
</tr>
<tr>
<td></td>
<td>Round I</td>
<td>I</td>
<td>19%</td>
<td>Various rounds of fundraising</td>
</tr>
<tr>
<td>People</td>
<td>People</td>
<td>I</td>
<td>100%</td>
<td>People related problems encountered</td>
</tr>
<tr>
<td></td>
<td>Work</td>
<td>I</td>
<td></td>
<td>Working through problem situations, why company did not work</td>
</tr>
<tr>
<td></td>
<td>Different</td>
<td>I</td>
<td></td>
<td>Differences in the company that led to its failure</td>
</tr>
<tr>
<td></td>
<td>Trying</td>
<td>I</td>
<td></td>
<td>Efforts in working through difficult situations</td>
</tr>
<tr>
<td>Company</td>
<td>Company</td>
<td>I</td>
<td>90%</td>
<td>How company progresses to liquidation</td>
</tr>
<tr>
<td></td>
<td>Doing</td>
<td>I</td>
<td></td>
<td>What was done wrong</td>
</tr>
<tr>
<td></td>
<td>Debt</td>
<td>I</td>
<td></td>
<td>Venture debt that the company took up</td>
</tr>
<tr>
<td>Money</td>
<td>Money</td>
<td>I</td>
<td>55%</td>
<td>The way money was used considered unwise</td>
</tr>
<tr>
<td></td>
<td>Things</td>
<td>I</td>
<td></td>
<td>What went wrong</td>
</tr>
<tr>
<td>Board</td>
<td>Board</td>
<td>I</td>
<td>50%</td>
<td>Make up and workings of the board</td>
</tr>
<tr>
<td></td>
<td>Time</td>
<td>I</td>
<td></td>
<td>Different events and decisions that happen</td>
</tr>
<tr>
<td>Technology</td>
<td>Technology</td>
<td>T</td>
<td>33%</td>
<td>Decide coating technology, validation of the technology</td>
</tr>
<tr>
<td>Company</td>
<td>Company</td>
<td>I</td>
<td>100%</td>
<td>Restart of the company – process, funding sources, people</td>
</tr>
<tr>
<td></td>
<td>People</td>
<td>I</td>
<td></td>
<td>People involved in the company, new partner company</td>
</tr>
<tr>
<td></td>
<td>Time</td>
<td>I</td>
<td></td>
<td>Second time around, time spent in working with partner</td>
</tr>
<tr>
<td>Coating</td>
<td>Coating</td>
<td>T</td>
<td>93%</td>
<td>Developing coating solution with new partner and application of innovation to solar coating</td>
</tr>
<tr>
<td></td>
<td>Solar</td>
<td>T</td>
<td></td>
<td>Applying innovation to solar applications, solar application is NOT the only application, the company is not a solar company</td>
</tr>
<tr>
<td></td>
<td>Technology</td>
<td>T</td>
<td></td>
<td>Innovation has validation and potential buyers,</td>
</tr>
</tbody>
</table>
Discussion

Results indicate that ambidextrous innovation occurred in the growth and re-start phase, but not in the internationalisation phase (indicative by the occurrence of both I and T in Table 1). In the growth phase, technical and innovative trajectories occurred within the two most connected themes (market & money) and in the solar theme (29% connectedness). This result is interesting as it is the only time that innovation and technical trajectories occurred together (market & money), within any of the three phases. This could suggest that during the early phases, the development of ambidextrous strategy is important to allow for flexibility in creative processes. Given that university spin-off organisations tend to have high skill levels in exploratory knowledge and less in exploitative knowledge, ambidextrous learning will allow the innovation champion to maintain their comfort with technical development, while creating exploitative knowledge learning skills.

Thus, the internationalisation phase concentrates on innovation trajectories with the development of exploitative knowledge. In this phase the technical trajectory is a minor theme, indicating that is was not important in the overall business processes. This phase also ended up with the organisation going into liquidation, supporting the findings of Lin et al. (2013) that ambidexterity needs to occur for positive innovation performance. Path dependencies indicate that once a trajectory started, it is difficult to change its direction, thus the greater the flexibility in being able to adapt future strategies, the more likely the organisation can adjust to changes. The lack of ambidexterity in the internationalisation phase resulted in the organisation following a trajectory that did not lead to a successful outcome, and required the liquidation event (major event) to re-adjust the direction of the technical trajectory.

The re-start phase indicates a pattern of ambidextrous innovative strategy and the reconfiguration of resources towards a different technical trajectory. In this phase, the technical trajectory is stronger than in the previous phases (93% connectedness). The emergence of a strong emphasis on ambidextrous innovation may have resulted from “lessons learned” in the previous phase or from the change in organisational governance structures, with the innovation champion having a seat on the board (which did not happen in the internationalisation phase). The necessity of having innovation champion within the organisational governance structure to enhance positive innovation development supports Vohora et al. (2004), who also found this to be a critical success factor within organisations using this business model.

Conclusion
Andriani (2011) highlights the importance of innovative networks being able to reconfigure resources within complex business processes. The use of an ambidextrous innovation strategy allows for greater flexibility in adjusting both technical and innovation trajectories to changes in the external environment. Thus, this research concludes by suggesting that ambidexterous strategies during commercialisation processes within university spin-off organisations are important for developing positive outcomes.

However, one of the limitations of this research is that results are based on a single case study. Future research is needed across other university spin-off organisations as to whether ambidextrous strategies are important for obtaining positive innovation outcomes.

References


Paradoxes of Supplier-Customer Co-development in Business Markets

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Abstract
Co-development between suppliers and customers is pertinent to new product- and service- and solution development in business markets, and is characterized by tensions and trade-offs. Based on an analysis of ten co-development processes in two industries, this study highlights four paradoxes and managerial responses to how suppliers and customers can balance the controversial yet simultaneously existing poles of co-development: (1) solving a customer-specific problem while addressing broad market needs; (2) gaining access to a partner’s knowledge while losing proprietary knowledge; (3) accelerating commercialization while prolonging the development process; and (4) making formal agreements while fostering trust and innovativeness. The findings highlight how firms use spatial separation, temporal separation, and synthesis to cope with the paradoxes of co-development.

Keywords: co-development, customer involvement, business markets, paradox
Track: Industrial Marketing

Introduction
In business markets, customer involvement in the development of new products, services and solutions is often considered essential, yet is in practice problematic (Griffin et al., 2013; Noordhoff et al., 2012). For example, the lead user method generates ideas that have better commercial potential but the method is costly, prone to failure and entails difficulties in protecting intellectual property (Lilien et al., 2002).

Customer involvement refers to the activities that the customer undertakes in the supplier’s development process (Fang, 2008; Fang et al., 2008; Matthing et al., 2004). The extant literature highlights the positive outcomes of co-development, such as better quality or match to the customers’ needs and more effective development processes (Carbonell et al., 2009; Johnson & Filippini, 2009; Fang et al., 2008). However, co-development may also lead to potential negative outcomes, such as a lower level of innovativeness and prolonged development process (Fang, 2008; Peled & Dvir, 2012).

The prior literature discusses co-development trade-offs but lacks a systematic analysis of the paradoxes that both suppliers and customers face and related managerial responses. The goal of this paper is to reveal the paradoxes of supplier-customer co-development and identify managerial responses to the tensions. We address the following research questions: 1) What kind of contradictory yet interrelated elements (i.e. paradoxes) does the supplier-customer co-development involve? and 2) What kind of managerial responses might companies employ to address these paradoxes?

We adopt a dyadic view, analyze the paradoxes of co-development from both the suppliers’ and customers’ perspective and delineate the managerial responses that companies employ to address them. We analyze the managerial responses to the tensions inherent in co-development by applying the paradox response framework (Poole and Van de Ven, 1989). The analysis sheds light on how suppliers and customers attend to the competing demands of
Co-development simultaneously through spatial separation, temporal separation and synthesis.

Co-development in business markets

The prior literature suggests that co-development leads to products that better match customer needs and have a higher likelihood of market success (e.g. Coviello & Joseph, 2012; Gruner & Homburg, 2000). Co-development also raises product quality and development process effectiveness by removing fuzziness at the front end of the process and facilitating commercialization (Carbonell et al., 2009; Fang et al., 2008; Alam, 2006; Athaide et al., 1996). However, co-development also has negative outcomes. Customer involvement may prolong the process if process dependency is high, and well networked customers acting as an information resource can be detrimental to product innovativeness (Fang, 2008).

The negative aspects of co-development are typically influenced by contingency factors, such as customer characteristics and role and the type of innovation (Carbonell et al., 2012; Fang, 2008). However, co-development is also characterized by paradoxes which are more deeply grounded in the basic assumptions of co-development and force both suppliers and customers to face trade-offs. For example, Fredberg and Piller (2011) focus on tie strength in co-development, suggesting companies should collaborate with customers with whom they have strong ties but that collaboration with these customers can be detrimental to innovation. Collaboration with embedded customers may also increase the risk of the partner’s opportunistic behavior (Noordhoff et al., 2011). Also customers face trade-offs when co-developing with suppliers. For example, sharing knowledge on a potential new product with a supplier who can produce products more cheaply is beneficial to the customer, but leads to a loss of competitive advantage when also others gain access to the same product (Harhoff et al., 2003).

Paradoxes in theory development

Researchers should place more emphasis on the contradictions in order to understand the tensions that increasingly occur in the companies’ environment (Smith & Lewis, 2011). Contrastive questions and tensions help researchers study phenomena from multiple perspectives and develop better theories (Tsang & Ellsaesser, 2011; Poole & Van de Ven, 1989). One way to create theories through tensions is to focus on paradoxes, which are “contradictory yet interrelated elements that exist simultaneously and persist over time” (Smith and Lewis 2011, pp. 382).

According to Poole and Van de Ven (1989), the approaches to paradoxes include 1) keeping tensions separate and valuing their differences (acceptance), 2) choosing analyzing units in which only one pole of the paradox holds (spatial separation), 3) choosing one pole at a time and then switching (temporal separation), 4) seeking a view that accommodates the poles (synthesis).

Research process

The research originated from studying the nature and process of supplier-customer co-development. An in-depth analysis of ten co-development processes revealed several paradoxes, contradictory demands and trade-offs that suppliers and customers face during the process. As a result, the focus of the study turned to examining the paradoxes of co-development. In line with the approach suggested by Poole and Van de Ven (1989), we purposefully sought theoretical tensions and used them to build theory on supplier-customer co-development.
A multiple case study method was selected as it enables theory building (Eisenhardt & Graebner, 2007). The research process follows systematic combining and abductive logic in which the framework, data collection and analysis evolve at the same time while going back and forth with theory and empirical material (Dubois & Gadde, 2002). Thus, the paradoxes and the managerial responses emerged from the interplay of theory and the studied cases.

Co-development dyads and triads were identified and revelatory cases selected for the analysis so that the studied cases include both co-development processes that resulted in a commercialized product or system and unsuccessful cases in which the project was terminated before the product or system reached commercialization. The analyzed co-development processes concern the development of mining technology and solutions (eight cases), and industrial measurement technology and solutions (two cases). The primary data were collected by interviewing 12 managers in two supplier companies, eight people in three customer companies and two experts working for a research institute. Thus we have supplier data for all the cases and customer data for three cases. The cases were analyzed by qualitative content analysis and the focus was laid on identifying tensions and the actions that companies took in coping with the emerging tensions.

Findings

Four core paradoxes of supplier-customer co-development emerged from the data: 1) solving a customer-specific problem while addressing broad market needs; 2) gaining access to a partner’s knowledge while losing proprietary knowledge; 3) accelerating commercialization while prolonging the development process; and 4) making formal agreements while fostering trust and innovativeness. Below we describe how the core paradoxes were manifested in the data and discuss the contents of each paradox in detail.

First paradox: Solving a customer-specific problem while addressing broad market needs

The interviews revealed interesting insights into the critical aspects of balancing the need to solve the customer’s specific problem while developing a solution that addresses wider market needs. The interviews underline that the customer typically has a need to solve a unique problem to which current market offerings do not provide a solution. Accordingly, this need motivates the customer to become engaged in co-development. However, creating a solution that serves a larger market may destroy the competitive advantage that the customer would gain as the sole implementer. Yet, the supplier needs to serve a larger market to generate revenue and also the customer may benefit from wider commercialization through services and support that the supplier offers for commercialized products.

For the ability to solve a customer-specific problem while addressing the broader market need, the analyzed cases revealed three alternative managerial responses: (1) synthesis, selecting customers who experience the needs for a wider market base; (2) temporal separation, alternating between periods of close collaboration to solve the customer’s specific problem and periods of independent development to build a solution for a broader customer base; and (3) spatial separation, creating multiple versions of the same system.

For example, a mining technology company applied synthesis when it developed a wireless analyzer with a global customer. The selected customer faced needs similar to many other copper enrichment facilities, and as a result, the analyzer was co-developed to be applicable to any typical copper refinery. In another co-development case, the same mining technology company and its local customer applied temporal separation when co-developing a virtual mine that simulates the mine’s enrichment processes. In the early phase of co-
development, the system was highly customized for the customer’s process and control system. In the later phase, the supplier conducted massive redevelopment to create a general solution that would serve a larger customer base. A measurement technology company combined temporal separation with spatial separation when it co-developed a new kind of CO2 measurement instrument with one of its lead customers. In the first release, the instrument was co-developed according to the lead customer’s specifications while bearing in mind the potential for modifications for other customers. Thus, the second release for the wider market followed soon after the first, which created competitive advantage for the lead customer involved in the development.

Second paradox: Gaining access to a partner’s knowledge while losing proprietary knowledge

The findings underscore the importance of maintaining a balance between knowledge sharing and protecting proprietary knowledge. In sharing knowledge the supplier gains access to customer data that it might not otherwise possess and the customer learns about potential solutions. However, the managers emphasized that knowledge sharing also entails the risk of losing proprietary knowledge that the other actor may take advantage of, or of dispute with competitors.

The studied firms employed synthesis by creating non-disclosure agreements and establishing trust, or spatial separation by sharing only the kind of knowledge that the partner cannot misuse when responding to the paradox. For example, the interviewed managers in the mining technology company applied synthesis by collaborating with strategic partners with whom they have long standing relationships and there is mutual trust, and signing non-disclosure agreements before co-development began. If collaboration with known partners was not possible, managers applied spatial separation and selected partners who were not likely to take advantage of the revealed information. Thus was avoided co-development with customers who possess sufficient resources to use the shared knowledge to build competing systems, and those whose culture supports opportunistic behavior.

Third paradox: Accelerating commercialization while prolonging the development process

The findings suggest an important motivation for suppliers to engage in co-development is to acquire the first reference customer and thus accelerate commercialization. Yet, intensive collaboration with customers can delay the development phase. Typically, the supplier has designated resources for R&D whereas the customer’s first priority is to remain in operation. Thus, it is often the customer who faces substantial resource constraints that prolong the co-development process. For example, in process industries new systems can only be installed during maintenance breaks which may occur only once a year.

The data suggest that firms may employ temporal separation by collaborating with customers at the beginning of the process when customer involvement is most needed and finishing the project without the customer’s input if the process is delayed. Alternatively, firms may use spatial separation by dividing responsibilities, which allows the supplier to develop other parts of the system when the customer is facing resource constraints.

For example, a mining technology company employed both temporal and spatial separation when it was co-developing a wireless measurement system with a global customer for a copper refinery. The supplier was responsible for the wireless system while the customer was developing the measurement instrument. Thus, the supplier could develop its part on time while the customer was facing resource constraints. However, as the process continued to be
prolonged, the supplier switched to temporal separation by taking over the project and finalizing the system on its own.

**Fourth paradox: Making formal agreements while fostering trust and innovativeness**

The data highlight the importance of agreeing on the goals and terms of co-development while maintaining an open atmosphere that fosters trust and innovativeness. The respondents emphasized that it is important to define the goals, terms and responsibilities early in the process. However, contracts may also prevent partners from looking in new directions and breaking free of existing ways of doing things, qualities that are important particularly in the creation of radical innovations. For example, a measurement technology company that wished to avoid strict contracts in the early stages of the co-development, as specifications may change during the process, faced tensions in its co-development project with a customer who wanted to agree in the contract on goals, the schedule and budget. Disputes over the contract had a negative impact on the relationship and the co-development process was prolonged.

The case analysis reveals that suppliers employ synthesis to resolve the paradox by disguising the co-development as a process of selling a customized solution, skipping contracts on co-development. Alternatively, the partners can use spatial separation by creating agreements on mutual understanding without setting fixed goals and responsibilities.

For example, a mining technology company collaborated with a new mining company in developing a reporting system for a mine. The supplier intended that the system would be commercialized, but that was never stated to the customer; the process was regarded as selling a customized solution, during which co-development contracts were not drawn up.

**Conclusions**

The study contributes to the literature on supplier-customer co-development (e.g. Coviello & Joseph, 2012; Fang et al., 2008; Fang, 2008) by revealing four paradoxes related to (1) solving a customer-specific problem while addressing broad market needs; (2) gaining access to a partner’s knowledge while losing proprietary knowledge; (3) accelerating commercialization while prolonging the development process; and (4) making formal agreements while fostering trust and innovativeness. Furthermore, the study identifies spatial separation, temporal separation, and synthesis as managerial responses to the tensions, and illustrates the responses with case examples from the mining and measurement technology industries. The identified paradoxes display the problematic nature of co-development; it entails tensions that force both suppliers and customers to make trade-offs and strike a balance between co-development controversies.

**References**


And Then There Were None: How Project Marketing Lost Its Way

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Abstract
Project marketing researchers have combined rather narrow theoretical perspectives to develop behavioral hypotheses regarding project afterlife based solely on social exchange. Project afterlife is viewed negatively as an obstacle that must be overcome to acquire a prospective project and to restore economic exchange. This view is far from reality, however. Companies do not wish to “overcome” project afterlife—the foundation of stable service revenue streams. They would rather build their business around it. This divide between rigorous project marketing theory and its lack of practical relevance reveals a significant research gap. The focus of this conceptual paper is to analyze one of the central theoretical concepts of project marketing—the relationship discontinuity—and to propose a new, more relevant concept for the analysis of post-project interaction.

Keywords: business relationships, interaction, project marketing, service-intensive projects

Track: Industrial Marketing

Introduction
“All principles should be subjected to the closest examination with respect to both logic and factual relevance” – Paul A. Samuelson

The focus of this conceptual paper is in the project afterlife, a theme that has remained in the backdrop of project marketing since the D-U-C model was established in the mid-1990s to differentiate project marketing from other business-to-business marketing (e.g. Cova & Hoskins 1997, Cova et al. 2002: 13–21, Mandjak & Veres 1998, Skaates et al. 2002, Skaates et al. 2003). In the model, “D” stands for discontinuity, “U” represents uniqueness, and “C” indicates the complexity of individual projects. In essence, these features characterize what project marketing is and what it is not. When the correspondence between project marketing theory and the empirical world continues to decline, project marketing is about to lose its managerial relevance. What has then changed so dramatically in the project business environment to make the D-U-C features so forbidding?

Many project-based businesses, such as paper machines (Lamberg & Ojala 2006), windmills (Traber & Kemfert 2011), elevators and escalators (Salonen 2011), and software systems (Rajala & Westerlund 2007), are gradually aging and approaching industry maturity. As a result, fewer projects are delivered per year, but projects are simultaneously becoming larger and more complex as customers seek to gain economies of scale. For example, in the 1960s, there was a yearly global market for approximately 140-220 paper machines, whereas in the early 21st century, this number had decreased to less than 50 machines; at the same time, the amount of paper produced annually has increased from 50 to 350 million tons, and the price of a paper machine has reached 500 million euros (Toivanen 2005). Similarly, in the windmill industry, there is a demand for larger turbines (Ojansivu et al. 2014). Meanwhile, competition has become fierce, and customers’ bargaining power has skyrocketed (Kerzner 2013, Toivanen 2005), causing smaller margins and uncertain project sales for project suppliers. What, then, is the drawback of the D-U-C model?

The uniqueness (U) and complexity (C) characteristics remain valid; in fact, as projects have grown in size, the complexity and uniqueness of projects has even increased (see Jalkala et al.
It is the first characteristic of the framework (D) that requires clarification. Project discontinuity can be conceptualized broadly in two ways (Mandják & Veres 1998): either as an irregular demand for projects or, more specifically, as a period after project delivery when economic exchange has ceased but social bonds remain. A central focus area of project marketing has been to manage discontinuity and to maintain the “sleeping relationships” (Hadjikhani 1996) in order to secure future project sales (Cova & Salle 2007, Hadjikhani et al. 2012, Jalkala et al. 2010). However, the increasingly uncertain project demand has forced project suppliers to develop new revenue streams based on service business (Artto et al. 2008, Davies et al. 2007, Kujala et al. 2013). During this process, the two sides of discontinuity have become one another’s repellent; irregular demand is compensated by a high proportion of project-related services, which translates into a buyer-seller interaction that does not fit the previous description. How, then, should we explain these emerging business relationships?

One possibility is to ignore these relationships and to maintain the sleeping relationships that still exist to some extent. However, as “servitization” (Baines et al. 2009, Johnson & Mena 2008, Leiringer et al. 2009, Vandermerwe & Rada 1989) appears to be a one-way street, there may be little to study after a few years. Typical project businesses, such as power generation, railway rolling stock, offshore oil and gas, and construction, are increasingly generating higher revenue streams from service components than from capital goods (Alderman et al. 2005, Davies 2004, Gebauer et al. 2010, Salonen 2011). Alderman et al. (2005) offer an example of this economic value when describing a train project worth 1.8 billion euros, of which a 12-year service contract accounted for 912 million euros. In this respect, suppliers may even use a project as a “Trojan horse” merely to acquire a more profitable service contract.

However, if these business relationships do not fit into the previous description, then why should they be studied at all? Perhaps they simply resemble continuous business relationships despite the strenuous efforts to distinguish project marketing as a separate field. Nevertheless, the present research will argue the reverse: post-project interaction in service-intensive projects does not bear resemblance to the linear form of development (e.g. Dwyer et al. 1987, Ford 1980) that is typical of continuous business relationships or to sleeping relationships (Hadjikhani 1996); rather, post-project interaction is of a different type (Ojansivu et al. 2013). Accordingly, this paper aspires to build the conceptual foundations for forthcoming project marketing research by proposing a new conceptual framework for the study of post-project relationships. To do so, this research examines the following main research question: How can the dynamics of service-intensive post-project business relationships be explained conceptually? The answer to this question necessitates a new approach to the concept of relationship discontinuity that would reflect more accurately the present empirical world. In this paper, the terms “post-project” (Engwall 2003) and “project afterlife” (Söderlund 2011) refer equally to the point following project handover (Skaates et al. 2002: 399), at which the customer begins to operate the supplied system. “Service-intensive” is used to describe a project in which service exchange accounts for a significant part of project delivery. Here, “delivery” is considered broadly, beyond project implementation and handover, to refer to the entire usable life of the system and the related service exchange.

The broadening of post-project interaction

The nature of project business has evolved rapidly over the last two decades (Artto et al. 2008, Davies et al. 2007), and projects have increasingly begun to resemble complex industrial products and systems (COPS). These types of systems require a wide variety of services after

Alderman et al. (2005) argue that project and service business logics are genuinely different and that a project supplier that is more experienced with projects than with services could thus face challenges in its customer relationships. These difficulties stem from the different characteristics of products and services (e.g. Brax 2013, Mathieu 2001, Wise & Baumgartner 1999). In a conventional product-centered project business, there is a concrete outcome that can be evaluated at a certain point in time with factors such as time, budget, and performance (e.g. Atkinson 1999). In a service business, there is no such static conclusion. Rather, exchange is a process that occurs every day until the serviced system (e.g. software, paper machine, or windmill) is replaced at the end of its usable life cycle. Service-intensive projects combine both worlds—the static outcome and the dynamic process—and the transition into project afterlife represents the primary challenge of service-intensive projects. In this study, the “transition” from project- to service-centric interaction refers to a process that begins with the first contacts directed toward cooperation and that continues until the end of the usable life of the supplied system.

In search for managerial relevance through relevant concepts

This research departs from the orthodoxy of project marketing literature (e.g. Hadjikhani 1996), by not focusing on two sequential projects. The focus here is on single projects. As such, the project afterlife is not viewed as something that the supplier needs to “overcome” (Jalkala et al. 2010) to acquire a future project; rather, it is a central part of relationship development, with distinct economic value regardless of subsequent projects. This perspective emphasizes the value of post-project relationships for project suppliers and the need to study their dynamics in detail. Figure 1 describes the conceptual framework of the study.

![Conceptual Framework](image-url)
Figure 1. A conceptual framework for studying post-project buyer-seller interaction development.

The central elements of the framework are the continuous interaction process, interaction orientation of the project buyer and seller, relationship dimensions and relationship atmosphere.

The center of the framework illustrates the continuous interaction process (Håkansson 1982, Möller & Wilson 1995). The distinctive characteristic of a business relationship in project business—discontinuity—is considered to be broader than the mere lack of economic exchange. In the empirically grounded framework, the concept of interaction irregularity is applied and is defined as change in the exchange, coordination, or adaptation process that influences relationship development. Interaction irregularities are the source of dynamism in buyer-seller relationships, as they prompt change in the interaction orientation (Alajoutsijärvi et al. 2001, Campbell 1985, Möller & Wilson 1995), relationship dimensions (Holmlund and Törnroos, 1997), and relationship atmosphere (Håkansson 1982, Wilson 1995). When only the nature and content of the interaction vary, change is incremental; however, when irregularity has the potential to generate radical change (i.e. to dissolve or initiate relationships), it is considered to be critical (Halinen et al. 1999).

The business relationships that unfold after project handover in service-intensive projects differ from other types of business relationships. In B2B marketing, a relationship can be defined as an “interdependent process of continuous interaction and exchange between at least two actors” (Holmlund & Törnroos 1997: 305), and in project marketing, a relationship can be defined as a discontinuous process of interaction with expectations of future economic exchange (see e.g. Hadjikhani 1996, Skaates et al. 2002). A post-project relationship in service-intensive context is thus defined as an interdependent process of continuous service exchange with inbuilt interaction irregularity between at least two actors. The “inbuilt” interaction irregularity refers to the continuous yet variable exchange of service. Service exchange necessitates specific interaction, and when the content of service exchange changes, the coordination and adaptation processes, as well the interaction orientation, relationship dimensions and relationship atmosphere also evolve. This connectedness between the relationship variables creates the dynamism in the interaction.

Epilogue –Where are we heading?

This conceptual study has aimed to propose new theoretical direction for project marketing research. This study offers a broadened theoretical lens for the study of post-project buyer-seller interaction in service-intensive projects. Post-project interaction without service exchange arguably still exists to some extent in less sophisticated industries, but this possibility is not the focus of this study. The next step is to accept the central role of services in the project afterlife and to view the relationship discontinuity in broader light than the mere lack of economic exchange. Without such theoretical leap, project marketing is stuck in a quicksand and the situation could evolve to the point described by Agatha Christie in the nursery rhyme – then there were none. More precisely, there will be no researchers involved with the subject of relationship discontinuity, as the practical relevance of the theory is lost.

Going back to the research question proposed in the introduction (How can the dynamics of service-intensive post-project business relationships be explained conceptually), we are ready for the answer. Because post-project interaction in service-intensive projects is a continuous process involving economic exchange, social exchange should no more be the prime focus. In
contrary, managers should pay attention to the changes in the content of exchanges (what is exchanged), relationship coordination (how it is exchanged), and adaptations (what the parties are willing to invest). These changes are labeled interaction irregularities when they have the potential to influence relationship development. Over time, interaction irregularities become tangible in the relationship dimensions, interaction orientation, and relationship atmosphere, which, taken together, translate into the way that interaction “feels” on a daily basis.

The next step is to put the interaction irregularity concept ‘to work’ and to restore the managerial relevance of project marketing research. This task will not be easy, as absorbing new knowledge always requires discarding the past, which on this occasion culminates in the orthodoxy of relationship discontinuity (e.g. Tikkanen et al. 2007) and sleeping relationships (Hadjikhani 1996). The future of project marketing is brighter than ever if we are willing to approach it openly and diligently.

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The indirect influence of positive emotions on the relationship between co-creation, trust and satisfaction in a B2B setting

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Abstract

This study explores the mediating role of positive emotion between co-creation, trust and satisfaction in a B2B setting. The conceptual literature on co-creation suggests that emotional outcomes is one form of intangible outcome that buyers obtain from co-creation exchange. Using scenarios and a survey instrument, data was drawn from 281 middle managers. Structural equation modelling shows that positive emotion is a direct outcome of co-creation, and it indirectly affects both trust and satisfaction. The implications of this exploratory study is that co-creation supports the generation of emotional value for buyers who co-creatively participate in an exchange, and that positive emotion influences both trust and satisfaction. Interestingly, the positive emotion arising from a co-creation exchange is also evident in a B2B marketing exchange.

Keywords: co-creation, positive emotion, trust, satisfaction, B2B

Track: Industrial Marketing

1.0 Background

The service dominant logic (SDL)(Vargo & Lusch, 2004, 2008) and service logic (SL) (Grönroos, 2008) perspectives point out that customer co-creation provides a way forward towards evolving superior customer-centric marketing strategy. These conceptual perspectives suggest that buyers participating in a co-creation experience derive both tangible and intangible outcomes arising from the buyer-seller co-creation exchange process. One way of describing co-creation is that co-creation occurs when the buyer and seller actively participate to generate a problem-solving customer offering.

The aim of this study is to explore whether the co-creation customer experience generates positive emotions which, in turn, contributes to enhancing their trust and satisfaction. While both conceptual and empirical literature on co-creation has burgeoned in the recent years, there are still some gaps worthy of further empirical study. In particular, the conceptual literature suggests that the co-creation experience generates emotions and trust for the buyer. Both these relationships are conceptualised in the literature (Mascarenhas, Kesavan, & Bernacchi, 2004; Payne, Storbacka, & Frow, 2008; Saarijärv, 2012), but as yet relatively less well tested in an empirical sense. This study aims to firstly explore whether positive emotion is an outcome of the co-creation experience and, second, to assess whether emotion arising from the co-creation experience generates an indirect effect which contributes to enhancing trust and satisfaction levels in the buyer.

Additionally, the association between positive emotions between co-creation, trust and satisfaction is framed in a B2B context. The rationale for the choice of a B2B setting is that there is an implicit assumption that marketing exchanges in a B2B market context tends to a higher degree of objectivity and rationality as compared to the B2C market contexts. This assumption implies that emotions play a minor role as an outcome of the co-creation
exchange in a B2B context. A further reason for the choice of a B2B context is that there are calls for more research on co-creation in a B2B context, as research has tended to focus on co-creation in a B2C contexts in recent times (Mustak, Jaakkola, & Halinen, 2013).

Figure 1 presents a model for the study with two hypotheses:

H1: A B2B co-creation purchase experience generate positive emotions.
H2: The positive emotion arising from co-creation at least partially mediates the relationship between co-creation and trust (H2a); and co-creation and satisfaction (H2b)

2.0 Conceptual Foundations

2.1 Co-creation and positive emotions
A rich vein of literature exists in the study of emotions in marketing, however the link of emotions to co-creation has only been recently conceptually proposed. These conceptual propositions suggest emotion is an outcome of co-creation and that emotion arising from the co-creation experience is a form of intangible value (Saarijärvi, 2012). These propositions provide the impetus to test the associations between emotion and co-creation. Looking beyond the boundaries of co-creation literature, the study of emotions is well advanced. Oliver et. al. (1997), in a study of customer delight, suggested that some types of emotions are distinct and not captured within the affective dimensions of the satisfaction construct. Oliver (1997) goes on to suggest that contentment, pleasure and surprise are qualitatively different states with different emotional markers. Mascarenhas et. al (2004) echo a similar view, that co-creation engenders emotional outcomes which contribute to heightened satisfaction levels. This early study is supported another conceptual study (Payne et al., 2008) which lends credence to the view that co-created transactional exchanges yield emotional, cognitive and behavioural outcomes. More recently, (Saarijärvi, 2012) provides additional corroboration that co-created contributes to generating emotional, functional and symbolic outcomes for the buyer. The services literature also provides support to show that when a buyer and seller are involved in facilitating joint-problem solving, the buyer experiences emotions as an outcome of the joint-problem solving service encounter (Bailey, Gremler, & McCullough, 2001; Mattila & Enz, 2002). Mattila et. al (2002) further extends the dialogue on emotional outcomes in a service context to suggest emotions arise in both high or low involvement marketing exchanges.

Hence, the literature support from within the co-creation and services domains provides a rationale for the first hypothesis in this research to explore the association of positive emotion as an outcome of co-creation.

2.2 Co-creation and trust
Morgan and Hunt (1994) have presented clear support for trust as a key mediating variable in the buyer-seller relationship. In a co-creation context several authors (Evans & Wolf, 2005; Leadbeater, 2006) have presented compelling logic that the interactions and joint problem solving encounters between buyer and seller mitigates uncertainty and risk, thus contributing to enhancing confidence and trust in the seller. This relationship between co-creation and trust is represented by hypothesis H2a in Figure 1.

2.3 Co-creation and satisfaction
Research evidence also shows a positive relationship between customer involvement in marketing encounters and customer satisfaction (Kellog, Youngdahl, & Bowen, 1997). The theoretical logic arises from self-service bias (Bendapudi & Leone, 2003), whereby the buyer ascribes successful efforts and marketing outcomes to their own efforts in participating to generate the marketing offering. Closer to home, Dong et al. (2008) provide empirical support for the relationship between co-creation and satisfaction, as does an exploratory study by Rajah et al. (2008).

3.0 Methodology

The research model was tested using structural equation modelling (AMOS v.20) with survey data generated from 281 middle managers in New Zealand. Each participant completed a short battery of questions after reading a scenario. 7-point Likert scales are used to measure perceptions of the variables in the research model. Three levels of co-creation in the scenarios provided disturbance, as variance, in the model; and perceived co-creation was measured by each respondent. The scenarios relate to the purchase of airline tickets for business travelling.

The measurement scales are drawn from existing sources - trust (Morgan & Hunt, 1994; Ranaweera & Prabhu, 2003), satisfaction (Ranaweera & Prabhu, 2003), co-creation (Rajah, 2012), positive emotions (Oliver et al., 1997). A measurement model is derived using a Maximum Likelihood estimation to ensure the measures are appropriate for analysing the date in the structural model. The measurement model displays good fit (n=281, CMIN/DF=1.71, RMSEA=.05, RMR=.06, GFI=.94, TLI=.97, CFI=.98). All the unstandardised coefficient loadings exceed the +/-1.96 t-values cut-off benchmark and the average variances extracted exceed the 0.5 cut-off, all of which points to evidence of convergent validity. The square root of the AVE is higher than the bivariate correlations suggesting discriminant validity for the constructs. Table 1 presents the measurement items and evidence of factor loadings, composite reliability and AVEs.

Table 1: Measurement Model

<table>
<thead>
<tr>
<th>Factor loadings</th>
<th>Stand. factor loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Positive Emotions</strong>: CR=.82; Cronbach α = .87; AVE= .64</td>
<td></td>
</tr>
<tr>
<td>✓ I felt happy during the purchase encounter</td>
<td>.72***</td>
</tr>
<tr>
<td>✓ I felt cheerful during the purchase encounter</td>
<td>.90***</td>
</tr>
<tr>
<td>✓ I felt excited during the purchase encounter</td>
<td>1.00</td>
</tr>
<tr>
<td>✓ I felt enthused during the purchase encounter</td>
<td>.72***</td>
</tr>
<tr>
<td><strong>Trust</strong>: CR = .82; Cronbach α = .79; AVE = .64</td>
<td></td>
</tr>
<tr>
<td>✓ In our relationship, the travel agency can be counted to do what is right</td>
<td>1.00</td>
</tr>
<tr>
<td>✓ In our relationship, the travel agency has high integrity</td>
<td>1.15***</td>
</tr>
<tr>
<td>✓ In our relationship, the travel agency can be trusted at all times</td>
<td>1.22***</td>
</tr>
<tr>
<td><strong>Satisfaction</strong>: CR = .82; Cronbach α = .81; AVE = .64</td>
<td></td>
</tr>
<tr>
<td>✓ I think I did the right thing when I chose this travel agency</td>
<td>.98***</td>
</tr>
<tr>
<td>✓ The product and service offerings of this travel agency meet my expectations</td>
<td>.95***</td>
</tr>
<tr>
<td>✓ Overall, I am pleased with the product and service offerings</td>
<td></td>
</tr>
</tbody>
</table>
of this travel agency  1.00  .79.

Co-creation: CR = .82; Cronbach α = .91; AVE = .64
✓ I contributed actively to my final customer marketing solution  1.00  73
✓ My final marketing solution was arrived at through the joint efforts of the travel agency and me  1.33*** .87
✓ My final customer solution evolved as a result of the active participation of the travel agency and me  1.38*** .88
✓ Overall, I would describe my final customer solution as a high level of co-creation customer co-creation  1.35*** .90

***p<.001

4.0 Findings

The structural model (Figure 1) presents evidence of good fit (CMIN/DF=1.71, RMSEA=.05, RMR=.06, GFI=.94, TLI=.97, CFI=.98). All factor loadings for the paths are significant. The results show that co-creation does have a direct effect on positive emotions, satisfaction and trust. The structural model also present evidence that positive emotion indirectly influences trust and satisfaction. To establish whether positive emotions mediates the paths between co-creation and trust, and co-creation and satisfaction, the structural model is tested with the bootstrapping procedure in AMOS. The bootstrapped results show that the standardised indirect effect of co-creation on trust is .35 (95% CI: 0.2 ~ 0.54), the standardised indirect effect of co-creation on satisfaction is 0.43 (95% CI: 0.33 ~ 0.56), and the standardised indirect effect of positive emotions on satisfaction is 0.24 (95% CI: 0.1 ~ 0.54). The bootstrapped results thus present statistical support to show that positive emotions is a partial mediator of the relationships between both co-creation and trust and co-creation and satisfaction.

Figure 1: Structural model

***p<.001
Expected contributions

This study presents both theoretical and managerial contributions.

The theoretical literature on co-creation provides good rationale to show that co-creation and emotions are compatible, and that emotions may arise as an outcome of the co-created exchange (Payne et al., 2008; Saarijärvi, 2012). While the study of co-creation has been burgeoning in the recent past, the link between co-creation and emotions is more recent, and empirical support for the relationship between co-creation and emotion is still scarce. Therefore this study, although exploratory in nature provides an initial effort to demonstrate the empirical link between co-creation and positive emotion. The second theoretical contribution of this study is that it provides empirical support to show that positive emotions partially mediate or has an indirect effect for building trust and satisfaction for the buyer in a co-created situation. While emotion have been shown to mediate trust and satisfaction in other purchase contexts, the indirect effect of positive emotion in a co-created purchase context is still relatively new. This exploratory study furnishes empirical support to suggest that positive emotion plays a part in influencing the extent of both trust and satisfaction in a co-created buyer-seller exchange. The third theoretical contribution of this study is the empirical support for the existence of positive emotion in a business to business (B2B) purchase context. The common supposition is that transactions in a B2B context are assessed in an objective and rational way.

The managerial contributions of this study serve to show that marketers who are cognizant that co-creation generates positive emotion are able to position value propositions from the perspectives of both tangible and intangible value. The positive emotion arising from the co-creation experience will add to the overall value proposition for the buyer. Businesses which understands the logic of the link between co-creation, positive emotion, trust and satisfaction are thus able to better position their product/service offerings, and generate an improved competitive position in the marketplace.

A caveat associated to these theoretical contributions is that although interesting, they cannot be widely generalised, since the study is exploratory.

References
Appendix 1

B2B service scenario (high co-creation)

Please read this short scenario and provide a response to the statements below. Thanks

Imagine you are a Manager in a company. You have to travel on a business trip to London to meet a supplier. While you are in London you will stay with your friend. You have all the necessary travel dates sorted and telephone the travel agency for an appointment to see the travel agent. When you arrive at the agency, Jordan, the travel agent greets you. After a general chat about your business trip, you inform Jordan the dates on you wish to travel.

Jordan turns to the computer and, a few minutes later, produces a list of four flights leaving that day for London. Jordan and you discuss the four flights. All four flights are from equally reputable airline companies. From your discussion, you realise that the first flight makes a number of inconvenient stopovers. The second flight is also inconvenient as it arrives in the early hours of the morning into London. Both these flight are slightly cheaper. The remaining two flights are Globe-Trotter Airlines and World Traveller Airlines flights. Both flights depart around mid-morning one hour apart and arrive mid-day in London. Both are priced at $2,290.00. You initially lean toward choosing the Globe-Trotter Airlines flight but as you reflect on your conversation with Jordan you decide to take the slightly later-scheduled World Traveller Airlines flight. It becomes apparent from your conversations that taking the slightly later flight means you can avoid the early morning traffic getting to the airport.

You then request for window seating as well as vegetarian meals.
Jordan brings up the aircraft-seating plan on the computer console and turns it around so you can see the computer screen. Both of you talk about advantages and disadvantages of which seat rows to choose. The discussion leads you to select a window seat in the rear rows in a quieter section of the aircraft away from kitchen and toilets as your preferred seating. Jordan secures seat 34A for both the outward and return journeys.

Jordan then brings up the on-line meals menu to book your vegetarian meal request. You see that there are 3 categories of vegetarian meals. You express that you wish to choose from all three categories for your vegetarian meal choices. Jordan quickly checks and confirms you can choose your preferred combination. You choose to have the Asian vegetarian meal for lunch and Western vegetarian meal for dinner on your way to London. On your return trip home, you opt for the Indian vegetarian for lunch and Western vegetarian meal for dinner.

You leave the travel agency and when you get into the office, you receive an email message from Jordan confirming your reservations and thanking you for choosing to do business with the travel agency. The email further adds that you should contact the travel agency for any further assistance with your travel plans or if there are any changes to be made and conveys best wishes for your travel.

**Appendix 1 B2B service scenario (low co-creation)**

Please read this short scenario and provide a response to the statements below. Thanks

Imagine you are a Manager in a company. You have to travel on a business trip to London to meet a supplier. While you are in London, you will stay with your friend. You have all the necessary travel dates sorted and telephone the travel agency for an appointment to see the travel agent. When you arrive at the agency, Jordan, the travel agent greets you. After a general chat about your business trip, you inform Jordan the dates on you wish to travel.

Jordan turns to the computer and a few minutes’ later states that World Traveller Airlines has a flight in the morning, arrives mid-day in London, and is priced at $2,290.00. You request for window seating and vegetarian meals. After checking, Jordan locates seat 34A and places your request for vegetarian meals. You agree to Jordan’s choices.

You leave the travel agency and when you get to home, you get an email from the travel agency containing the standard travel itinerary printout of your reservation.
Virtual Value Co-Creating: Exploring B2B Relationship Experiences

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Abstract
Given the infancy of the phenomenon of virtual value co-creating, the relationship experiences of the virtual value co-creators are still little understood. This research implements a non-participatory, non-ethnographic, longitudinal and retrospective Netnography to explore the experiences of the virtual value co-creators. A firm-sponsored online community of practice is identified to conduct this exploratory study adopting the most challenging dimensions of value co-creating. The identification of the relationship experiences of the virtual value co-creators aims to provide managerial guidance to organisations, which need to tailor their communications to engage quickly and effectively with the virtual value co-creators.

Key Words: value co-creation, value co-creating, virtual value co-creation, virtual value co-creating, business-to-business, online consumer behavior, digital marketing, netnography.

Tracks: Industrial Marketing and/or Digital Marketing

1.0 Introduction

The Internet has evolved from a network requiring a fixed wire connection to a mobile network with the proliferation of easy wireless connection or Wi-Fi technology (Kim, Chan & Gupta 2007) and, as a consequence, the concepts of place, space and time have become blurred (Castells 2011). Individuals and organisations have been required to quickly learn to engage with these new and emerging technologies with organisations needing to implement innovative strategies to be able to survive and achieve competitive advantage in very challenging scenarios (Qualman 2012). One of the innovative marketing strategies that has been implemented by organisations has referred to virtual value co-creating (Chen, Drennan & Andrews 2012; Payne et al. 2009). Value co-creation has been defined as the practice of developing consumer experiences through collaboration with consumers, suppliers, partners, organisational personnel and all other company stakeholders (Ramaswamy & Gouillart 2010), but research has more recently developed the notion of value co-creating, referring to a mutual and continuous process (Gronroos & Ravald 2011). Literature has shown that multinational organisations operating in the technology industry such as Apple, Dell, IBM, Microsoft and Salesforce (Benioff & Adler 2009; Ramaswamy & Gouillart 2010) have applied virtual value co-creation, however there has been a limited amount of research exploring this phenomenon (Füller 2010; Nambisan & Baron 2009).

Literature has also been scarce that has taken on board the most challenging dimensions of value co-creating such as the potential of implementing this strategy individually and/or collectively, offline and/or online, in B2C and/or in B2B segments (Ramaswamy & Gouillart 2010). This research aims to shed light on emerging dimensions of the process of the co-creation of value: the perspectives of location and time. Since the Web has blurred the notions of space, place, and time (Castells 2011), organisations are able to implement value co-creation online, in a borderless fashion without being constrained by their location and by using virtual communities that have the potential to co-create value in real time (Qualman 2012). In particular, this research aims to understand and to identify the B2B relationship experiences of the virtual co-creators of value by asking the overarching
research question: why do the value co-creators participate in the process of virtual value co-creating? This exploratory analysis has aimed to investigate not the initiative to join the process of co-creating, but the behavior of participating in the activity of co-creating value (Chen, Drennan & Andrews 2012; Gronroos & Ravald 2011).

2.0 Literature Review

Virtual value co-creating has adopted a marketing expanded paradigm (Ramaswamy & Gouillart 2010), in which there is connection between all participants in the process of co-creation – the actors (Gronroos & Ravald 2011; Vargo & Lush 2011) – expanding the focus from the consumer to all participants (Vargo & Lush 2011) who have engaged in the experience of co-creating value. This differs from most studies which have focused on the ‘persona’ of the consumer, while not exploring the interactions of the actors for the co-creation of value (Chen, Drennan & Andrews 2012).

Given the recency of the phenomenon of virtual value co-creating and the lack of well-established academic frameworks, this research has examined previous studies about consumer motivations for value co-creation (Füller 2010; Hoyer et al. 2010; Nambisan & Baron 2009), as well as the experiences, behaviors and motivations of the actors for value co-creating (Chen, Drennan & Andrews 2012; Payne et al 2009). Previous literature has already adopted the notion of social actors (Gronroos & Ravald 2011; Vargo & Lush 2011), but there has been a lack of research exploring the dialogues and interactions of these actors in the co-creation of value (Chen, Drennan & Andrews 2012; Payne et al. 2009). Earlier studies have merged both information processing and experiential approaches. The information-processing approach has focused on the areas of cognition and creativity and corresponding behaviors and the experiential approach has focused on the areas of emotions and associated behaviors, such as attitudes and preferences (Chen, Drennan & Andrews 2012; Füller 2010; Hoyer et al. 2010; Nambisan & Baron 2009; Payne et al. 2009).

3.0 Methodology

The choice to investigate value co-creation from a most challenging perspective, online, collective, B2B and on a global scale resulted in the identification of a firm-sponsored global online community of practice (Porter 2004; Wenger 2004) known as Idea Exchange. This community of practice was specially designed and created by the Salesforce organisation for value co-creating online (Salesforce.com 2013). Salesforce is a multi-national organisation selling a mobile and cloud computing customer relationship management (CRM) platform in a business-to-business market (Salesforce.com 2013). The choice of IdeaExchange for this research was guided by the criteria for conducting Netnographic studies, including: a relevant community linked to the research question; a high amount of information; and, rich and comprehensible data (Kozinets 2010). This research has used non-participatory, non-ethnographic, longitudinal and retrospective Netnography (Kozinets 2010), in an innovative fashion by observing and collecting extant, publicly available data from IdeaExchange. These data have been gathered and coded using Nvivo 10, and contain three years of information generated between 2008 and 2011. An idea titled ‘Salesforce Mobile support for Google Android’, for the purpose of this research named Idea 1, was selected from co-created ideas that were implemented by Salesforce, guaranteeing that value co-creation had been achieved. As well, it received the highest number of comments compared with all other implemented ideas in IdeaExchange. Idea 1 received 474 qualified comments from 453 online community members, yielding ‘16,218’ words of text for examination.
Thematic analysis (Braun & Clarke 2006) has been applied using a hybrid or abductive approach to interpret the data set (Ezzy 2013). Firstly, an inductive approach was taken, by considering existing literature to be tested against the data (Ezzy 2013). Then, a deductive approach was taken, aiming to identify emerging patterns, developing new theories to be tested against the literature and providing new findings into the phenomena under investigation.

4.0 Preliminary Results and Discussion

474 qualified comments have been analysed and categorised according to the key dimensions of motivations for value co-creation (Füller 2010; Hoyer et al. 2010; Nambisan & Baron 2009) as well as the key relationship experiences for value co-creating (Chen, Drennan & Andrews 2012; Payne et al. 2009). These research results are shown in Table 1 with the descriptions of corresponding concepts.

Table 1: The B2B Relationship Experiences for Virtual Value co-creating

<table>
<thead>
<tr>
<th>Experiences</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cognition</td>
<td>Knowledge creating, learning, sharing</td>
</tr>
<tr>
<td>Emotion</td>
<td>Expression of positive and negative feelings</td>
</tr>
<tr>
<td>Relating Needs</td>
<td>Co-creating for-self and co-creating for-others</td>
</tr>
<tr>
<td>Velocity*</td>
<td>Demand for faster implementation of the idea</td>
</tr>
<tr>
<td>Business Responsiveness*</td>
<td>Demand for business feedback and transparency</td>
</tr>
</tbody>
</table>

Note: The concepts in Table 1 are minimalist in nature in the interests of brevity. The last two experiences (asterisked) are new findings.

Research results are shown in Table 2.

Table 2: Data Evidence – number, percentages, and examples of comments / posts

<table>
<thead>
<tr>
<th>Experiences</th>
<th>Evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cognitive</td>
<td>“What is advantage of having Salesforce Mobile?”</td>
</tr>
<tr>
<td>390 posts / 82%</td>
<td>“Honestly, it almost feels like you simply don’t care. That makes me feel sad.”</td>
</tr>
<tr>
<td>Emotion</td>
<td>“I want this android app so bad that I could cry”</td>
</tr>
<tr>
<td>81 posts / 17%</td>
<td>“Please hurry up on developing this app”</td>
</tr>
<tr>
<td>Velocity</td>
<td>“Please develop this app ASAP”</td>
</tr>
<tr>
<td>123 posts / 26%</td>
<td>“At minimum we should have a release date by now”</td>
</tr>
<tr>
<td>Business</td>
<td>“Is this capability coming out soon?”</td>
</tr>
<tr>
<td>115 posts / 24%</td>
<td>“We absolutely have to have this”</td>
</tr>
<tr>
<td>Relating Needs</td>
<td>“We need it badly”</td>
</tr>
<tr>
<td>145 posts / 31%</td>
<td>“We hear you loud and clear. Work for an Android application is underway”</td>
</tr>
</tbody>
</table>

5.0 Conclusion and Research Directions

It is important to mention that while previous studies has found hedonism among the participant motives for value co-creation (Füller 2010; Hoyer et al. 2010; Nambisan & Baron
2009), these research findings for the later co-created and implemented idea have not referred to this concept (Füller 2010; Hoyer et al. 2010; Nambisan & Baron 2009). On the contrary, the notion of hedonism has disappeared as the majority of comments was expressing negative feelings instead of feelings of enjoyment (Füller 2010; Hoyer et al. 2010; Nambisan & Baron 2009).

Despite this research has not analysed the comments from the objective territory (Griffin 2012) of investigating functionalities of the webpage, the dimensions of reputation and behavior have been clearly identified through the features of the online community. This has been facilitated because IdeaExchange has ranked the ‘top’ contributors of ideas, requests to merge ideas, votes, comments, questions, answers, and best answers – outlining all contributions of users to the whole community (Salesforce.com 2013). These characteristics of Idea Exchange suggest that reputation has been recognised as an important dimension for virtual value co-creating.

There was also much evidence of behavioral experiences, such as submitting, voting, demoting, adjusting, testing, and providing feedback about the ideas in IdeaExchange. For example, Idea 1 has received 2836 votes and another 44 ideas have emerged and then have been merged into Idea 1 (adjusting). The versions named ‘demo or beta’ (versions for testing) have also been made available and participants have had the option to test these versions, and to provide their feedback, helping to further refine the final version of the Ideas by SalesForce. These functionalities of Idea Exchange strongly support the existing behavioral dimension for virtual value co-creating (Payne, Storbacka & Frow 2008; Payne et al. 2009).

Furthermore, this research has supported earlier findings of relating needs, meaning that the co-creators are interested in participation for co-creating for themselves as well as for co-creation for the benefit of others in the community (Nuttavutisit 2010). Lastly, the concepts of velocity as means the speed of the expenditure of time, and business responsiveness have been also supported as the virtual environments have required faster and real time responses (Castells 2011; Li & Bernoff 2011; Qualman 2012). The empowerment of consumers has also resulted in the need for more information and transparency coming from organisations (Li & Bernoff 2011; Qualman 2012), and it appears that the notions of velocity and business responsiveness are as important for virtual value co-creating, as they are for all other social media marketing strategies (Li & Bernoff 2011; Qualman 2012).

In the online context, the association of the three principles of the Web 2.0, dynamism, openness and collective intelligence, were able to be observed in the process of value co-creating. Co-creating has corresponded to a process for the continuous updating of content (dynamism), modified by users in a collaborative way (openness) and improving the information provided as more individuals refine it (collective intelligence) (O'Reilly 2007). This research is an early study to explore the concept of value co-creating from its underpinning dimensions: collective, online, in a B2B market and applied globally. This research has also been a primary study to explore the dialogues of the social actors (Vargo & Lush 2011) involved in the process. Despite the research limitations of a qualitative study, and business risks such as the potential for disclosure of strategic information to competitors, this research has provided guidance to organisations implementing virtual value co-creating, by identifying the key relationship experiences for this practice.

Recommendations for future research include comparative studies including and all identified dimensions for value co-creating, comparative studies of different industries, as well as exploratory studies of the behaviours of the social actors, their motivations and experiences.
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Relationship-specific facilitators of supplier’s acquisition of key account-related knowledge

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Abstract
This study sheds light on the relationships between trust, cooperation, dependency and supplier’s acquisition of key account-related knowledge in young and old key account relationships. The data were obtained with a survey of 168 respondents from large industrial firms. The results of hierarchical regression analyses show firstly that cooperation has a positive effect on supplier’s acquisition of key account-related knowledge in both young and old key account relationships. It is also positively related to trust, which has a further positive effect on key account relationship performance in the old key account relationships. Moreover, the findings show that dependency drives supplier’s knowledge acquisition in the old relationships, thus calling for the need to ‘protect one’s investments’. Finally, the results show that supplier’s acquisition of key account-related knowledge has a positive effect on key account relationship performance in the early stages of the relationship.

Keywords: customer knowledge, key account, trust, cooperation, dependency
Track: Industrial marketing

Introduction

Key account relationships are important, but yet, very complex for supplier firms to manage. In addition, there are always high costs and risks involved (Ryals and Humphries, 2007). This means that key account managers need to know the strengths, weaknesses, opportunities, threats and strategies of their key accounts in order to be able to identify new value-creation opportunities (Weitz and Bradford, 1999) and to design and implement account-specific strategies (e.g. Ryals and Rogers, 2007). It has been argued in the previous literature that suppliers that truly understand the components of their value proposition to the key accounts and customers’ markets, do not need to worry about customer power and decreasing margins to the same extent than the less knowledgeable suppliers (Lane and Piercy, 2004; Ryals and Holt, 2007).

Previous studies on customer knowledge management suggest that acquisition of customer knowledge lays the foundation for learning about customer-specific needs, which in turn results in improvements in customer service, satisfaction, retention (e.g. García-Murillo and Annabi, 2002) and business performance (Rollins et al., 2012). Thus, acquisition of customer knowledge could be seen as a prerequisite for the development of a customer-relating capability of a firm, which enables the firm to stay closely connected to its most important customers (Day, 2000). However, while there have been some attempts to understand the role of customer-specific knowledge in business-to-business marketing, a little is still known about the factors that facilitate the acquisition of knowledge from the business customers. In particular, empirical and quantitative studies in the context of key account management still remain sparse. Thus, the aim of this explorative research is to tap into this gap in research and examine how relationship enabling factors such as trust, cooperation and dependency
characteristic for key account relationships interact and affect supplier’s acquisition of key account related knowledge in different stages of key account relationships. In addition, performance implications of supplier’s knowledge acquisition and trust are also examined.

**Background and hypotheses**

In customer knowledge management literature customer knowledge is categorized into knowledge about, for and from the customer (Salomann et al., 2005). From the supplier’s perspective customer knowledge is needed for example to build customer profiles, evaluate the appropriateness of selling processes and strategies, and to identify new windows of opportunities for creating added value to the key account. Customer knowledge can be acquired either directly from the customers for example via face-to-face interaction, telephone or websites (Day, 2000) or indirectly for example through various interest groups, such as consultants, and market-research agencies. In addition, the role of social media as a source of customer knowledge is constantly increasing. Customer knowledge management literature argues that firms should strive for generating knowledge directly from their customers as this knowledge includes customers’ knowledge about the markets in which they operate and is thus often more strategic in nature compared to traditional customer need knowledge (Garcia-Murillo and Annabi, 2002). Moreover, knowledge generated in interaction with the customer constitutes the relationship-specific tacit knowledge needed in dealing with the customer in the future (Ballantyne, 2004). In this paper the examination of the driving forces of knowledge acquisition from the customer is limited to three factors: trust, cooperation and dependency. These factors are briefly discussed with hypotheses development in the following section.

**Trust.** The concept of trust has been the focus of considerable research in the previous business-to-business literature. Trust can be defined as the willingness to rely on an exchange partner in whom one has confidence (Dwyer et al., 1987). In the previous literature trust has been considered an important variable facilitating communication and information sharing, thus leading to learning and transfer of know-how (e.g. Lane et al. 2001; Panteli and Sockalingam, 2005; Sahay, 2003). Allowing a supplier an access to strategically sensitive information involves always a competitive risk from the key account’s perspective and therefore it is expected here that trust is needed to get an access to strategically sensitive knowledge from the key account, thus:

**H1:** Trust has a positive effect on supplier’s key account-related knowledge acquisition

**Cooperation.** Key account relationships are cooperative in nature but yet, each key account relationship is different. Some key account relationships may be more transaction-based while others remind the shape of a diamond where there are multiple contact points between the supplier and the key account and cooperation on many different fields such as R&D, joint marketing, and strategic planning (e.g. McDonald et al. 2003). In this study it is proposed that such cooperation opens up avenues for acquiring sensitive business knowledge from the key account and fosters the development of trust in the relationship, thus leading to the following hypotheses:

**H2:** Cooperation has a positive effect on key-account-related knowledge acquisition

**H3:** Cooperation has a positive effect on trust between the supplier and the key account
Dependency. The main sources for the dependence in key account relationships from the supplier perspective include transaction specific investments, switching costs (see e.g. Laaksonen et al., 2008) and the dominance of large customers and their ability to drive down prices and negotiate more favorable payment terms (e.g Kalwani and Narayandas, 1994; Piercy and Lane 2006). In this paper it is suggested that the risk and the position of one’s back to the wall drive the supplier to continuously evaluate the status of key account’s business in order to have up-to-date information of the monetary risks involved. We also propose that dependency drives the supplier to proactively identify new windows of opportunities for additional value creation to the key account, thereby decreasing the dependency in turn and creating switching costs for the key account. Thus:

\[H4: \text{Supplier's dependency on the key account has a positive effect on key account-related knowledge acquisition}\]

Moreover, as key account relationships tend to develop from basic, transaction-based key account relationships towards synergistic, true partnerships (e.g. McDonald et al., 2003), we also explore for the effect of key account relationship duration and posit the following hypothesis:

\[H5a): \text{The effect of cooperation, trust and dependency on supplier's acquisition of key account-related knowledge is dependent on the length of the key account relationship}\]
\[H5b): \text{The effect of cooperation on trust is dependent on the length of the key account relationship}\]

Finally, this paper builds on the idea that key account-related knowledge provides a basis for evaluating the future direction and potential of the key account relationship. It is assumed that the better the supplier knows its customer and understands the market in which it operates, the better it is able to create customer value that is difficult for competitors to imitate, thus enhancing customer retention. On the other hand, high level of trust in key account relationships facilitates smooth operations and there is a genuine desire for win-win relationships. The positive performance outcomes of trust have been highlighted for example in the previous literature in the field of strategic management (see. e.g. Lane et al., 2001). The linkages between customer satisfaction, retention and profitability on the other hand have been widely acknowledged in the prior research in marketing and retention is known to increase customer profitability (e.g. Reicheld and Sasser, 1990). Thus:

\[H6: \text{Key account-related knowledge acquisition has a positive effect on the profitability of the key account relationship}\]
\[H7: \text{Trust has a positive effect on the profitability of the key account relationship}\]
\[H8: \text{The effects of key account-related knowledge acquisition and trust on the key account relationship performance are dependent on the length of the key account relationship}\]

Methodology

The data was drawn from a cross-industrial mail survey addressed to key account managers or employees with corresponding knowledgeable positions in large industrial firms (over 200 employees). A total of 361 firms were identified from the Amadeus database and 171 were found eligible when contacted by telephone. 13 refused to take part in the research. The respondents were asked to respond from the perspective of their most important key account customer in terms of annual sales volume. 169 responses from 97 firms were received, resulting in a satisfactory effective response rate of 56.7 percent (97/171) on the company
level, and 42.8 percent (169/395) when comparing the total number of sent and received questionnaires. Non-response bias and common method bias were checked according to Armstrong & Overton (1977) and using Harman’s one-factor test. No biases were detected.

The main dependent variable, key account-related knowledge-acquisition was measured with three items reflecting the type and extent of knowledge acquired. The respondents were asked to evaluate the extent of knowledge acquired concerning marketing strategies of the key account, business plans of the key account and knowledge concerning the key account’s customers (α=.779). This was measured on a 7-point Likert scale ranging from ‘not at all’, to ‘very much’. Trust was measured with three items describing the level of mutual trust in the relationship (α=.847). Cooperation was measured with four items reflecting the level of cooperative activities between the supplier and the key account, for example the level of key account’s involvement in supplier’s R&D activities (α=.661). Supplier’s dependency on the key account was measured with three items describing the importance of key account for supplier’s business (α=.854). A 7-point Likert Scale ranging from ‘totally disagree’ to ‘totally agree’ was used to measure these variables and all composite measures were obtained by means of principal component analysis with Varimax rotation. Profitability of the key account relationship was measured on a 10-point Likert scale assessing the development of customer relationship profitability (1=very unprofitable, 10=very profitable). A three year average was used in the analysis.

Results

Linear hierarchical regression analysis was used to test the hypotheses. Variance inflation factors (VIF) were estimated in each regression in order to assess the multicollinearity among the variables. The results were well below the cut-off figure of 10. The Normal Probability Plots of the Regression Standardized Residuals and the Scatterplots confirmed that there were no deviations from normality, and thus no violations of the regression analyses. When examining the effect of the independent variables on the dependent variables, the data was split half based on the length of the key account relationship to see whether there are differences in the main effects between the two groups. This was done by using the cut-off value 13 years (50% of the key account relationships were 13 years or less) to create a rough dichotomous dummy variable (young and old key account relationship). The results of hierarchical regression analyses are presented in the following tables.

Table 1. Dependent variable: Key account-related knowledge acquisition

<table>
<thead>
<tr>
<th>Variable</th>
<th>Regression 1</th>
<th>Regression 2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Young relationships</td>
<td>Old relationships</td>
</tr>
<tr>
<td>Trust</td>
<td>.084</td>
<td>.048</td>
</tr>
<tr>
<td>Cooperation</td>
<td>.228*</td>
<td>.241**</td>
</tr>
<tr>
<td>Dependency</td>
<td>.173</td>
<td>.217**</td>
</tr>
<tr>
<td>R²</td>
<td>.137**</td>
<td>.127***</td>
</tr>
</tbody>
</table>

*p<0.10, **p<0.05, ***p>0.01 (n=168)

Table 2. Dependent variable: Trust

<table>
<thead>
<tr>
<th>Variable</th>
<th>Regression 3</th>
<th>Regression 4</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Young relationships</td>
<td>Old relationships</td>
</tr>
<tr>
<td>Trust</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cooperation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dependency</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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Table 3. Dependent variable: Key account relationship profitability

<table>
<thead>
<tr>
<th>Variable</th>
<th>Regression 5 Young relationships</th>
<th>Regression 6 Old relationships</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key account-related knowledge</td>
<td>.280***</td>
<td>-.036</td>
</tr>
<tr>
<td>acquisition</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust</td>
<td>-.130</td>
<td>.211**</td>
</tr>
<tr>
<td>R²</td>
<td>.079**</td>
<td>.044</td>
</tr>
</tbody>
</table>

*p<0.10, **p<0.05, ***p>0.01 (n=168)

HI posited that trust would have a positive effect on supplier’s acquisition of key account-related knowledge but this received no support. H2 was supported as there was a positive effect of cooperation on key account-related knowledge acquisition on a 10% level in young key account relationships and on a 5% level in old key account relationships. H3 stating that cooperation would be positively related to trust in key account relationships was strongly supported in both groups. H4 posited a positive relationship between dependency and supplier’s acquisition of key account-related knowledge. This was supported on a 5% level only in the old key account relationships. H5a posited that the length of the key account relationship moderates the effects of trust, cooperation and dependency on supplier’s acquisition of key account-related knowledge. H5b on the other hand posited that the effect of cooperation on trust would also be moderated by the relationship length. As the results show, the explanation power of cooperation is higher in the old relationships than young relationships when explaining the level of supplier’s knowledge acquisition. In a similar manner, the effect of cooperation on trust is higher in the old relationships. Moreover, the effect of dependency increases significantly when the relationships mature but the length of the relationship doesn’t have any importance on the effect of trust on knowledge acquisition. Thus H5 receives partial support based on the analyses. Finally, the results show that supplier’s acquisition of key account-related knowledge has a statistically significant and positive effect on key account relationship performance in the early stages of the relationships and respectively, trust has a significant and positive effect on performance in the more mature stages, thereby supporting hypotheses H6-H8.

**Discussion and conclusions**

The present study contributes to previous literature by shedding light on the role of customer knowledge in key account management and thus narrowing the gap between key account management and customer knowledge management literatures. The study also adds to previous research by opening up the concept knowledge from the customer and providing empirical findings on the driving factors for supplier’s acquisition of knowledge from the key account customers.

The findings of the study show that cooperation with the key account has a positive effect on supplier’s acquisition of key account-related knowledge both in young and old relationships,
but the effect is stronger in the old relationships. This finding implies that when key account relationships develop from basic relationship towards more cooperative relationship also the supplier’s access to sensitive and strategic customer knowledge improves. Next, the findings show that cooperation has a positive effect on trust both in young and old relationships but the trust does not seem to matter in terms of knowledge acquisition. This finding implies that the high level of trust does not automatically lead to an access to strategic level knowledge from the key account. That type of knowledge is rather shared when there are concrete cooperative activities (e.g. joint development) between the supplier and the key account.

Interestingly, the findings show that supplier’s dependency on the key account has a positive effect on the supplier’s acquisition of key account-related knowledge only in the old stages of the relationship. This could be explained by the supplier’s need to protect ones relationship specific investments typical for more mature relationships. Supplier’s need to continuously strive for generating key account-related knowledge, evaluate the status of the relationship as well as the ability of the key account to succeed in its own business. This is important as in the case of high dependency the end of the relationship would considerably damage the supplier’s business.

Finally, the findings show that key account-related knowledge acquisition is positively related to key account relationship performance in the early stages of the relationship while trust seems to explain performance in the more mature stages. These findings imply that firms should put more emphasis in increasing the cooperation with the key account already in the early stages of the relationship as cooperation facilitates access to strategically important customer knowledge which further improves the profitability of the relationship already at the beginning. In later stages it is the trust that matters more in terms of performance. Higher level of trust can also be gained by more intense cooperation with the key account.

There are some limitations connected with this study. Firstly, the nature of cross-sectional data means that causal relationships between the variables should be interpreted with caution. Second, the key-informant technique used in collecting the data could be seen as a limitation. As findings of the study indicate that knowledge does matter, future studies could focus on developing more comprehensive measures for evaluating the level of customer knowledge acquisition. Also, more reliable data could be gained by using supplier-key account dyads as the unit of analysis.

References


The Impact of Influence Tactics on Emotions, Perceived Trustworthiness of Supplier, and Behavioral Intentions in a B2B Buying Context

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Abstract
This study assesses whether verbal and nonverbal sales influence tactics can evoke emotional reactions and influence perceptions of supplier trustworthiness in a B2B buying context. Also, the impact of evoked emotional reactions and perceptions of supplier trustworthiness on a set of behavioral intentions is studied. Results of an empirical test suggest that influence tactics do evoke emotions, and that this effect is also dependent on the difficulty of product evaluation. Especially, we find further evidence of the so-called discrepancy effect between verbal and nonverbal influence tactics. The results also indicate that evoked emotional responses and perceptions of supplier trustworthiness influence behavioral intentions, but their impact varies between different behavioral intentions. The findings posit a contribution to organizational buying research, and offer managerial implications on the use of influence tactics in B2B sales in an online context.

Keywords: influence tactics, emotions, trust, B2B buying
Track: Industrial Marketing

1. Introduction

The current view in marketing literature is that organizational buying behavior is not entirely rational, but emotional factors play their role in decision-making (see e.g. Webster and Wind, 1972; Andersen and Kumar, 2006). However, there is still a lack of a comprehensive picture of how emotions affect decision-making in this context. The past research indicates that firms and salespeople use various influence tactics to persuade buyers in interactions (e.g. McFarland et al., 2006), but relatively little is known about the impact of such influence tactics on the emotions of buyers.

Previous research on sales influence tactics in the B2B context has mainly been based on influence mechanisms, such as internalization, compliance, or identification (McFarland et al., 2006). In this context, only the mechanism of identification has been associated with emotional responses, and this association is based on an assumption of an interpersonal relationship. Yet, research on decision-making has proved that emotions can be evoked without interpersonal relationship by the framing of a message (e.g. De Martino et al., 2006). For example, recommendations (influence tactic associated with the internalization mechanism, cf. McFarland et al., 2006) can be framed either as gain-based or loss-based. Therefore, it is reasonable to expect that recommendations can evoke emotional responses, in addition to changing beliefs of what is best for one’s own interest (internalization). In addition, the research on non-verbal influence tactics suggests that the appearance of salespeople can evoke emotional responses. For example, Leight and Summers (2002) find that a casual attire of salespeople leads to a better overall impression of the salesperson than a professional attire. Furthermore, De Meuse and Erffmeyer (1994) suggest that a discrepancy between verbal and
nonverbal communication (i.e. their interaction effect) may reflect differences in persuasion effectiveness.

In the present study, we assess whether different sales influence tactics arouse emotional responses in organizational buying and whether these emotions have an impact on purchasing related behavioral intentions. We also consider situational differences, since the impact of emotions on decision-making is known to vary as a function of information completeness and complexity (De Martino et al., 2006).

2. Theory development

2.1. Influence tactics, emotions, and perceived trustworthiness of supplier

According to prospect theory, decision-making is not always “rational”, but is rather susceptible to framing, that is, different but objectively equivalent presentation of the same information (Kahneman, 2003). Previous studies suggest that negative and positive framing of information have corresponding impacts on emotions (De Martino et al., 2006). Consequently, as the influence tactics employed by salespeople can be positively or negatively framed, they are likely to lead to emotional reactions. Past research on influence tactics has focused on studying the effectiveness of different influence tactics, rather than different framings within one influence tactic. To address this gap, we assess this framing effect in one type of influence tactic, namely recommendations. Both verbal and nonverbal communication are studied, as past research suggests that not only verbal, but also nonverbal communication or nonverbal cues can serve as persuasive influence tactics (see De Meuse and Erffmeyer, 1994; Verbeke, 1997; Leight and Summers, 2002).

It has also been suggested that buyers derive cues of the trustworthiness of the company and their offering based on the available information on the web site (e.g. McKnight et al., 2002). Thus, we study how different ways of presenting information through different influence tactics might have an impact on the perceived trustworthiness of the supplier.

Besides, we explore how information incompleteness affects the impact of influence tactics. Previous research suggests that especially when information is incomplete or complex, the intuitive or emotional side of decision-making takes over (De Martino et al., 2006). This can be explained by the finding that our cognitive capacity to process complex information is relatively limited (Dijksterhuis et al., 2006). Previous literature has been contradictory regarding the influence of the amount and nature of information on decision making. Generally, it has been suggested that knowing less makes it easier to fit all information in a coherent pattern (Kahneman, 2003); and that the more there is information to be processed, the more there are learning costs, information overload (Mukherjee and Hoyer, 2001), and complexity (Dijksterhuis et al., 2006). On the other hand, the absence of information tends to cause ambiguity, evaluative malleability, and reliance on feelings (Greifeneder et al., 2011).

Based on this discussion we hypothesize that influence tactics evoke emotional responses and perceived trustworthiness of supplier in a B2B buying context. While testing this hypothesis we explore how information incompleteness affects the impact of influence tactics.

H1: Influence tactics evoke emotions and perceived trustworthiness of supplier

2.2. Emotions and trust in decision-making
Affect plays an important role in behavioral intentions (Loewenstein et al., 2001). Positive or negative emotional responses to stimuli are respectively related to approach or avoidance tendencies, which refer to immediate, automatic motivational tendencies to move towards or away from an object (Elliott and Covington, 2001). Based on these tendencies it is here suggested that emotions have an influence on the decision to proceed in the sales process, or to withdraw from the process. Further, trust has an influence on behavioral intentions and allows for decision making under uncertainty (McKnight et al., 2002). Thus, we hypothesize that emotions and perceived trustworthiness of supplier affect behavioral intentions in the B2B buying context. We assess several different behavioral intentions, which vary in terms of required activity from the purchaser.

H2: Evoked emotions and perceived trustworthiness of supplier affect behavioral intentions of the buyer.

3. Method

The hypotheses were tested in an experiment in which subjects were exposed to two types of both verbal and nonverbal influence tactics. We also manipulated the difficulty of making product evaluation by testing these influence tactics with two different products.

The subjects were 149 undergraduate students at a business school, who were granted 3 additional points for a course exam as a reward for participating. The data was collected with an online questionnaire, where students were instructed to imagine that they are employed at the business school for summer and that their primary responsibility in the job is to purchase a software product. In the instructions they were told that during online information search they have ended up on a website of a firm offering the matching software product. The products presented were created for the purposes of the study, as we aimed to manipulate the ease of making the product evaluation. Under an easy evaluation condition, we presented a CRM-software designed for handling student information, and the presented website provided information about both content/functions of the software and its compatibility with other software. Under difficult evaluations condition, we presented software designed for creating online video lectures, and the presented website provided only vague descriptions of the product, such as “it is easy to install and use” and “it is compatible with all video formats”.

The different verbal influence tactics were formulated with gain and loss based framing. Gain based framing stated that the software “helps to improve learning outcomes and student satisfaction” whereas loss based framing stated that the software “helps to prevent learning problems and student dissatisfaction”. The different nonverbal influence tactics were formulated with the picture of a product specialist on the website. The positive influence tactic was a picture of the product specialist with a smiling face and laid-back, casual appearance, whereas the negative influence tactic was a picture of a serious face and professional, dark-colored appearance.

Thus, this study used a 2x2x2 factorial between subjects design with three factors: (1) contextual difficulty of making product evaluation, (2) verbal influence tactic, and (3) nonverbal influence tactic. The subjects were randomly assigned images of a website with these conditions, and were asked to indicate their familiarity with the product category (single item measure), their perceived task difficulty in evaluating the product (single item measure), their perceived suitability of the software product for their feelings aroused by the website (10-
item scale consisting of discrete emotions), their perceived trustworthiness of the firm supplying the software (single item measure), and their behavioral intentions (6 different behaviors).

All the other measures were treated as single item measures except the emotional response towards the website, which was subjected to exploratory factor analysis. The items loaded on two factors, which were positive emotions (Joy, Elation, Enthusiasm, Content; Cronbach alpha = .75) and negative emotions (Melancholy, Sadness, Nervousness; Cronbach alpha = .92).

4. Results

The manipulation check confirmed that those in the difficult product evaluation condition (M = 4.34, SD = 1.06) perceived the product evaluation as more difficult than those in the easy product evaluation condition (M = 4.04, SD = 1.13; z-value = 1.655, 1-tailed p < 0.05). A between-subject MANCOVA, with perceived suitability as a covariate, was run on the set of dependent variables (i.e. perceived trustworthiness of the firm supplying the software, positive feelings, and negative feelings) with difficulty of product evaluation, verbal influence tactics and non-verbal influence tactics as independent variables. In order to correct skewness of negative feelings (1.178), we used square root of the measure (skewness = .103) for the MANCOVA analysis. The Box’s M test indicated that the homogeneity assumption was valid; Box’s M = 32.32; F (42, 32212) = .72, p = .912. MANCOVA results showed that, in addition to perceived suitability of the product (F [3,138] = 23.54, p < .01), the difficulty of product evaluation (F [3,138] = 3.15, p < .05), verbal influence tactic (F [3,138] = 3.74, p < .05), and interaction of difficulty of product evaluation and the two types of influence tactics (F [3,138] = 2.78, p < .05) had a significant effect on the outcome variables.

For understanding these effects, separate univariate ANCOVAs were run. These analyses revealed that perceived trustworthiness of supplier was higher under easy product evaluation (M = 53.22, SE = 2.07) than difficult product evaluation (M = 47.32, SE = 2.07; F [1, 140] = 4.11, p < .05), and higher when gain based framing was used (M = 54.16, SE = 2.03) than when loss based framing was used (M = 46.38, SE = 2.08; F [1, 140] = 7.15, p < .01). The positive emotions were higher under easy product evaluation (M = 2.39, SE = .21) than difficult product evaluation (M = 1.59, SE = .21; F [1, 140] = 7.02, p < .01), and higher when gain based framing was used (M = 2.36, SE = .21) than when loss based framing was used (M = 1.62, SE = .21; F [1, 140] = 6.16, p < .05). The interaction of difficulty of product evaluation and the two types of influence tactics was non-significant for perceived trustworthiness and positive emotions. For the square root of negative emotions, the main effects of difficulty of evaluation and influence tactics were non-significant, but the interaction of difficulty of product evaluation and the two types of influence tactics was statistically significant (F [1, 140] = 6.63, p < .05). This interaction effect is depicted in Figure 1. When product evaluation is difficult (i.e. provided information is vague), a combination of two influence tactics with positive (or negative) appeal raises higher levels of negative emotions. When product evaluation is easier (i.e. provided information is detailed), a combination of influence tactics with positive and negative appeal raises higher levels of negative emotions.

The impact of aroused emotions and perceived trustworthiness on behavioral intentions was assessed with regression analysis, where the perceived suitability of the software product and familiarity with product category were used as control variables. Also, the impact of
emotions on perceived trustworthiness of the supplier was assessed. The results of these regression analyses are presented in Table 1. Perceived suitability of the product and trustworthiness of the supplier had a positive effect on all of the behavioral intentions studied. The impact of emotions varied for different behaviors. Positive emotions strengthened intentions to schedule a product demonstration, to present the product to one’s superior, and to recommend product purchase. The impact of negative emotions seems to be mainly mediated through perceived trustworthiness. Negative emotions did, however, weaken intentions to contact supplier firm.

![Figure 1. Effects on square root of negative emotions (Note: “serious non-verbal” refers to negative non-verbal influence)](image_url)

**Table 1. Regression results**

<table>
<thead>
<tr>
<th></th>
<th>Perceived trustworthiness</th>
<th>B11*</th>
<th>B12</th>
<th>B13</th>
<th>B14</th>
<th>B15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Familiarity</td>
<td></td>
<td>.053 (.787)</td>
<td>.060 (.881)</td>
<td>(1.602)</td>
<td>(2.334)</td>
<td>(6.193)</td>
</tr>
<tr>
<td>Perceived suitability</td>
<td>.443 (6.229)</td>
<td>.356</td>
<td>.364</td>
<td>.267</td>
<td>.365</td>
<td>.265</td>
</tr>
<tr>
<td>Positive emotions</td>
<td>.259 (3.592)</td>
<td>.097</td>
<td>.110</td>
<td>.110</td>
<td>.199</td>
<td>.191</td>
</tr>
<tr>
<td>Negative emotions</td>
<td>-.187 (-2.659)</td>
<td>-.137</td>
<td>-.098</td>
<td>-.023</td>
<td>-.012</td>
<td>-.035</td>
</tr>
<tr>
<td>(square root)</td>
<td></td>
<td>(1.361)</td>
<td>(1.665)</td>
<td>(1.577)</td>
<td>(2.960)</td>
<td>(2.912)</td>
</tr>
<tr>
<td>Perceived trustworthiness</td>
<td>.217</td>
<td>.361</td>
<td>.408</td>
<td>.334</td>
<td>.449</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(2.553)</td>
<td>(4.944)</td>
<td>(5.279)</td>
<td>(4.476)</td>
<td>(6.193)</td>
<td></td>
</tr>
</tbody>
</table>

| R²                       | .371 | .350 | .520 | .464 | .499 | .526 |

Standardized coefficients (t-values in parentheses)
Bolded coefficients are significant at 1-tailed p = .05
*Behavioral intentions: B11 = Contacting the supplier; B12 = Scheduling a product demonstration; B13 = Invite to tender; B14 = Presenting the product to one’s superior; B15 = Recommending product purchase
5. Discussion and conclusions

Both hypotheses H1 and H2 are supported by our study, suggesting that (1) influence tactics evoke emotional reactions and influence perceptions of trustworthiness of supplier, and (2) the evoked emotional reactions and perceptions of trustworthiness of supplier influence buyer’s behavioral intentions. We also find that the availability and completeness of attribute information (i.e. ease of making product evaluations) moderates the impact of influence tactics on evoked negative emotions.

Interestingly, it was found that positive influence tactics can cause negative emotional responses when there is not enough exact information to be evaluated and the product in question is complex. This finding could be explained with persuasion knowledge. It might be that when there is not enough information to support decision making, positive emotional influence would be recognized as a persuasion attempt, thus causing suspicion and withdrawal (Campbell and Kirmani, 2000). Further research is needed to provide strong support for this suggestion. On the other hand, individual characteristics might also explain our finding. In line with a previous suggestion (De Martino et al., 2006), it might be that more “rational” individuals understand their own emotional biases and are thus able to modify their decisions if needed, such as when biases might lead to bad decisions. This suggestion is in line with the thought that individuals with high need for cognition, that is, people with a tendency to engage in and enjoy effortful activities, might be able to resist judgmental biases (Petty et al., 2009). This might be an interesting area for further research.

As always, there are limitations to the presented study. The use of a student sample may have affected the results, as for example novice evaluators face more evaluative ambiguity than their experienced counterparts, have more malleable judgments, and are more influenced by their feelings (Greifeneder et al., 2011). Further studies should recruit more experienced organizational buyers as participants to get more realistic results. However, one could expect that the task of buying software to a company might be assigned to a junior employer, and thus the sample would relatively well represent people who make the same kinds of tasks in real companies.

Despite the limitations of this study, it also takes initial steps in increasing our understanding on the role of influence tactics, emotions, and trust in organizational buying decisions. Further, we suggest that managers can benefit from this study, as it highlights the importance of the careful use of influence tactics in B2B sales. We hope that we have been able to encourage future research in this important area.

References


Mobilizing private/public actors for intertwined business/social reasons

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Abstract
This paper contributes to studies of network mobilization processes by examining how actors sharing a vision of collective action jointly mobilize resources for sustainable innovation and regional development. The purpose is to explore the initiating and mobilizing processes of such regional strategic networks in order to enhance the understanding of how they are initiated and how access to monetary resources affects such processes. We furthermore broaden the perspective of industrial networks by including both another type of private actor and public actors in the environment in the network analysis. Drawing from three embedded case studies from a sparsely populated Swedish region, we describe how business motives are intertwined with social motives and how such motives jointly may contribute to the initiation and development of network mobilization processes. We furthermore describe how external funding may extend the scale and scope of such processes.

Key words: Regional strategic network, network mobilizers, hub, resources, motives
Track: Industrial Marketing

Introduction

The earth now faces urgent issues related to environmental pollution and climate change that are of such extent and complexity that extensive regional, national and international cooperation is necessary, often in the form of cross-sector cooperation. In order to achieve such cooperation, network mobilization is called for. We focus on the regional perspective and, in line with Ritvala and Salmi (2011, p. 887), define mobilization as “a dynamic process of engaging actors on broad fronts to tackle a common issue”. Resource mobilization and the combination and coordination of heterogeneous resources in relationships and networks are critical processes in fostering change and innovation (Håkansson & Snehota, 1995). It has been addressed within the industrial network tradition but only to a limited extent and mainly in a business-to-business context (e.g. Araujo & Brito, 1998; Mouzas & Naudé, 2007). In contrast, this paper builds on the work by Ritvala and Salmi (2010, 2011) who deal with networks including also other types of actors than firms, such as public organizations, interest groups, local and/or national governments, and the media. In doing so we respond to the calls for further investigation of the links between socio-political and business networks (Hadjikhani & Thilenius, 2005; Welch & Wilkinson, 2004).

Such multi-actor inter-organizational networks, encompassing private firms in a partnership with universities and/or other private and public actors, are often initiated for a purpose of regional development through innovation and R&D. They have accordingly been denoted regional strategic networks (RSN) (e.g. Andresen, 2011; Gebert Persson, Lundberg, & Andresen, 2011). RSNs tend to have rather vague goals in order to attract several actors and the interaction is usually informal and not based on contracts (Lundberg, 2008). This loose organizational form implies flexibility but is also demanding in that consensus must be sought for as no one has authority over the other as the network is based on voluntary cooperation among independent actors. In networks encompassing heterogeneous actors with diverging backgrounds, interests, values, and cultures, mobilization and coordination is even more
demanding than among actors with complementary resources and incentives. If resources can be found, some sort of hub function (Jarillo, 1988) is therefore often formalized for the handling of network coordination. However, in the case of RSNs, this is often not a firm but an individual, a group of individuals or a public organization partly financed by public means. Network mobilizer(s) may initiate the network and take on the hub function once the network is formed but this is not always the case as the hub function is very time consuming. A network mobilizer may thus leave the hub assignment to others. The purpose of this paper is to explore the initiating and mobilizing processes of RSNs in order to enhance the understanding of how they are initiated and how access to monetary resources affects such processes.

**Theoretical framework**

**Network mobilization**

It is well known that in order to create change and innovation, a firm more often than not has to mobilize some partners (e.g. Håkansson & Snehota, 1995). Nevertheless, as recognized by Mouzas and Naudé (2007) as well as Ritvala and Salmi (2010, 2011), there is a gap in investigations of the underlying processes of network mobilization. These authors argue that a network approach is suitable for such studies as it allows for analysis on aggregate levels but their descriptions of how and why such processes are initiated differ. Mouzas and Naudé (2007, pp. 64, 65) suggest that the network mobilization process for analytical purposes can be divided into 5 interrelated phases: (1) the starting point is the network insight, for instance signaling that there are unfulfilled customer needs. This insight may result in (2) a business proposition if the firm moves on to taking an initiative, in turn leading to (3) a deal when a business exchange is decided on among a pair/group of actors, followed by (4) a social contract related to expectations on “the nature, extent and length of a jointly decided action” as well as of “how they will work together in practice” and finally (5) sustained mobilization. In sum they regard the business interest as overriding and a prerequisite for the initiation of a network mobilization process in which new relationships may be added or old ones transformed. Their model, like the main part of business network studies, has a firm perspective and does not consider the influence of contexts or societal changes neither on the process nor on its initiation. Addressing environmental challenges may of course include or result in business opportunities but in the initiating stage they may still not be known or fully conceptualized. Furthermore, not only firms but also other actors such as governments (both regional and national) and interests groups may wish to play a part.

In contrast, Ritvala and Salmi (2010, 2011) address exactly what Mouzas and Naudé (2007) left out, namely network mobilization processes driven by contextual circumstances and including also other kinds of actors than firms, often a heterogeneous set of private and public actors and at times also NGOs (non-governmental organizations). They argue that “network initiation and change is created by mobilization, which is more likely to occur during periods of change when an issue is recognized by a large number of actors” (2010, p. 899). The task of a network mobilizer is to identify and target actors able to contribute to the process, to motivate them to take part, bridge differing views and goals and coordinate joint action, it is, in other words, a hub function. Ritvala and Salmi (2010) stress the importance of social capital (Nahapiet & Ghoshal, 1998) as “in order to reach other actors, network mobilizers resort to their personal contacts” (p. 899).

They discuss motivations for a firm’s decision to enter into network cooperation on the basis of three interacting levels (2011): (1) the individual level: individual values and identity; (2) organizational goals, values and identity/image; and (3) network benefits originating in a
broadening of the network horizon and new (potential) relationships. These motivational factors are in turn mediated by (1) closeness of the issue to the firm’s core business; (2) firm size and resources; (3) individual’s role and position; (4) economic and socio-political situation. For RSNs there is furthermore often an option to obtain public funding. Public funding will not be granted to individual companies but can be granted to joint projects developed by RSNs.

**Method**

Since our objective was to describe and explain RSN mobilizing processes and the impact of access to monetary resources, a qualitative, comparative, multiple case study approach was chosen (Easton, 1995; Eisenhardt, 1989; Yin, 1994). Three cases were chosen due to their shared context in the middle of Sweden and their shared focus on sustainability issues related to climate change combined with an aim for regional development through innovation. They were furthermore initiated as a result of a crisis threatening local employment and local industries. Municipality-related resources were provided at an early stage in all three processes and the research team had excellent access to the ongoing activities. The cases are called: Processum Biorefinary of the Future (Biorefinary), Bio Business Arena (BBA) and the Future of Härnösand (FoH). The Biorefinary and BBA are business-related initiatives linked to the Swedish public research funding institute Vinnova, while the FoH case is a citizen-related initiative emerging in the town Härnösand as a result of an identity crisis caused by the relocation of the local university campus to a neighboring town. The mobilizing actors in all three networks sought access to resources controlled by other actors through dialogues at various types of meetings early in the initiating processes. The participating actor representatives were co-designing the network operation as it was formed on the basis of their needs.

Data has been collected through semi-structured interviews and informal talks, with network mobilizers, network hubs and network participants. Furthermore, in two of the cases (BBA and FoH) real-time observations during meetings and seminars add additional data. For the data analysis we wrote narratives of the initiatives including chronologies and key events. The data analysis further more included data categorization on the basis of previous studies but also as a result of themes emerging from the data.

**Case presentation**

*The Biorefinary*

The Biorefinary began in 2001 as a private initiative in a small Swedish town. It was initiated by a group of managers wishing to support their cellulose industry related companies, now focusing on their core businesses and with scarce resources for R&D. These companies emanated from a local MNC but had at the time recently been turned into separate units and sold to other companies. This caused concern in the region as relocation of these new companies and their skilled R&D employees was feared. Consequently, a social concern influenced the managers’ wish to recreate funds for R&D. There was also a social motive as they missed working together which they previously had done in the MNC.

Five managers initiated the RSN and nine more joined in 2002 and 2003. The initiation process was social in that the managers started to meet informally for coffee, discussing ways to proceed. This mobilization stage was easy as they knew, respected and trusted each other. Their main problem was that a lack of funding limited their scope of action. Some minor funds were granted but they realized that they needed to formalize their cooperation further in order to become more attractive for external funders. Consequently, in 2003 a limited liability
company, Processum AB, was formed. However, they kept an informal approach and still viewed and spoke of themselves as members of a network. Both public and private funds were applied for and some were granted.

When additional funding had been achieved, a CEO was hired for the hub position. The managers already worked full time in their company positions and knew that this role would be time consuming. Further applications to public/private funds were planned for but needed to be preceded by face-to-face talks with all the member companies so that all views would be integrated. The CEO also initiated and coordinated other activities within the RSN and represented the RSN in various meetings and seminars. A lot of time was spent on informing external actors about the RSN, its vision, and its activities in order to pave the way for further funding. The CEO was in charge of the whole operation, but was supported by an active board of members including the initiating managers. With the CEO working full time, larger project could be developed and presented for funds providers and Processums activities grew both in number and in scope. By the time that the other initiatives were started, Processum had gained momentum and had extensive funds and activities.

**The Bio Business Arena**

The Bio Business Arena (BBA) was initiated in January 2013 by a science park, 20 private and three public actors with experience from former, similar, RSN collaborations. Some of the private actors were multinational companies while the public ones were two municipalities and a university. BBA’s aim was to create links between actors related to the cellulose and energy producing industry in the region and the regional university, thereby creating a collaborative arena for innovation supporting regional growth.

Several factors motivated the initiation of the BBA. First, the success of the Biorefinary which was acting within the same industry as BBA was inspiring even if they differ as BBA aims at commercialization while the Biorefinary is more focused on R&D. Second, an emerging crisis in the paper-mill related part of the industry, resulting from the general transition to a “paper-less society”, created a need for R&D and innovation and the participating firms expected more R&D, innovation and cooperation as a result of their participation. Third, the members felt that the challenges in need of addressing were of such complexity that they could not handle them on their own. Fourth, the national, public, R&D foundation now supporting The Biorefinary had announced a competition, the Vinnova Vinnväxt competition, and they saw an opportunity to take part and gain resources for joint R&D and innovation if a suitable RSN could be formed.

The initial network mobilizers were representatives from three companies, the university, the science park and two municipalities. The organizations were members of the science park and had learnt to know and trust each other. The application process worked as a conceptualizing process identifying resources and competencies of interest and key actors who later were visited by two staff members of the science park and invited to join the RSN. BBA now included a number of new members, many of them not knowing the others beforehand and unfamiliar with how to collaborate in an RSN. The “old” members in cooperation with the staff of the science park took on the hub function and mobilized resources for the initiative from the municipality, the county, member organizations and the Vinnova research foundation. BBA did not win the competition, but received grants that could be used for the mobilization and organization of the RSN, which at the time only existed on paper. The grants were approved in June 2013 and the first BBA meeting was held in November 2013. A former member of the science park board with a long experience of R&D was appointed as
manager (hub), supported by two part time working coordinators who also had been active in the initiating process. They were all employed by the science park but financed by project grants. Furthermore a working group was established, including some of the public/private members of BBA of which many participated in the grant seeking process.

Thereafter, the manager and his assistants have been visiting the members in order to identify their needs and expectations. Until now – end of June 2014 - four network meetings have been held with most of the members attending. Furthermore, there have been R&D related seminars as well as social activities, such as after work and informal talks, intended to make the member representatives learn something new, but also learn to know and trust each other. In sum, the assignment of a hub and access to joint resources has resulted in development of a structure for and coordination of a number of activities.

The Future of Härnösand

The Future of Härnösand (FoH) differs a lot from the two previously presented RSNs as it includes four issues related to local development: sustainable development, housing, learning and development of new and present enterprises. It is a “loose” network, initiated and initially managed by individuals (entrepreneurs, municipality officials and politicians) primarily driven by their personal interests and representing themselves, not their employers.

The initiating process started with a public meeting in June 2013. It was held in response to a decision by the regional university to relocate the campus situated in the city of Härnösand to the neighboring city Sundsvall as this would mean a loss of both employment opportunities and identity for Härnösand and its citizens. During the discussions at the meeting on how to handle the situation, a suggestion to form a network was presented, met with approval and was acted on as individuals there and then started to form the network. Many of the local politicians took part and two of them volunteered to act as hubs for two of the four working groups that were formed in response to the main topics that were identified as important to act upon. Each topic had two coordinators. The other hubs were formed by municipality administrators and entrepreneurs working on their spare time. A number of meetings were arranged from June 2013 until the time of writing (June 2014), focusing on the identification of needs, challenges, goals and strategies.

In total about 150 individuals joined in a wish to create something new for the region as a compensation for what was to be lost. From October 2013 until March 2014 a strategy group, financed by the municipality, was assigned to support the initiative (its members and hubs) on behalf of the municipality. They were five persons with experience from RSNs working part time with networking. At the time when the strategy group was started, the energy and commitment in three of the four working groups was in decline. Many of the network participants were disappointed in the municipality and did not perceive themselves, but primarily the municipality, as “responsible for change”. Therefore, a “restart” network meeting was held in November 2013 to change this approach. It was followed by group activities and meetings between the strategy group and the hubs of the working groups. As these hubs were volunteers working idealistically on their spare time, it was difficult to demand action from them. However, considering this, they were very committed. In April 2014 the strategy group was replaced by an employed hub supported by a researcher as part of an ongoing evaluation. The hub could work full time coordinating actors, resources and activities. This generated an energy-boost and increased hope, commitment and expectations, but also the number of activities. There was also a quite improved coordination of the groups’ activities. The ideas that came up were developed idealistically, but when conceptualized
three of them received funds from the municipality for the implementation or were integrated into its ordinary operation.

The cases are summarized in Appendix 1.

**Analysis and contribution**

We contribute to the literature on business network mobilization (Araujo & Brito, 1998; Mouzas & Naudé, 2007), in particular to the part that also includes other types of actors such as public organizations and local governments (Ritvala & Salmi, 2010, 2011), by examining three cases of network initiation. Our study shows that motives driving the initiation are not of an either or character. We find the business motives suggested by Mouzas and Naudé (2007) in all the three cases as business development is sought for not only by firms but also by public actors, such as municipalities, for regional development purposes. In addition, we find the social motives and the motivations on three interacting levels discussed by Ritvala and Salmi (2010, 2011). The cases exemplify individual values and identity issues, organizational goals for R&D and innovation as well as broader issues of sustainable development. In the Biorefinery case, the starting point was the reorganization of the MNC but the resulting motives that triggered actions were not just of a business character, they also included wishes to support development of the region as such, in other words wishes of a social character. Among other factors, the success of this initiative in turn triggered the initiation of BBA which was supported by both private and public actors mainly for the same reasons. Finally, in the case of FOH, the trigger was a loss of both employment and identity when the university campus was to be relocated. The citizens who joined the network initiative shared a wish to remedy this but saw varying ways of doing that: some ideas concerned developing new business opportunities in order to create more jobs while some ideas focused on creating a new identity for the town. In all the three cases there were thus a mix of business and social motives of a complementary nature and by joining forces in RSNs and finding ways of integrating these mixed motives actors external to the RSNs in question could be approach – such as the public funding agency Vinnova. In this way further resources could be gained, which was very important as it allowed work on a greater scale than when people had to deal with these issues on their spare time. Access to resources is in other words definitely a success factor – in the case of BBA it even inspired the RSN initiation. In the other two cases, it meant that the initiative could move from functioning on a more or less idealistic basis to a larger scale under the supervision of a full time employee performing the hub function. In all three cases the full-time coordination of activities changed the nature and amount of activities in a way that facilitated relationship building, cooperation, R&D and innovation. Small and medium sized firms rarely have slack capacity and usually need to focus on their core business. For such firms, and the communities that depend on them, public funding is likely of great importance for the development and exploitation of innovative ideas.

Although Mouzas and Naudé (2007) have a pure business-to-business perspective, a similar network mobilization process can be identified in the three cases: (1) the starting point was a network insight, i.e. the identification of common needs and of an RSN as a way to address these. This insight resulted in (2) a network proposition, in turn leading to (3) a network mobilization process among a group of actors, followed by (4) a social contract related to expectations on jointly decided action as well as of how to work together in practice. However, it still remains to be seen if (5) sustained mobilization is achieved. In the case of the Biorefinery is already has as many years have passed, but the other RSNs are still under development.
Ritvala and Salmi (2010) stressed the importance of social capital (Nahapiet & Ghoshal, 1998) arguing that network mobilizers use their personal contacts in order to reach other actors. We see no reason to disagree with that, but our cases furthermore indicate the importance of social capital within the network as it implies trust which acts as glue and facilitates interaction and cooperation within the RSN. We would finally like to stress that in studies of industrial networks, also public actors in the firms’ environment need to be considered if a more complete picture is sought for.

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Innovation & Open Online Communities: A Network Perspective

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Abstract

Innovation is an important source of a firm’s competitiveness but innovation is increasingly being understood as the product of interacting networks of firms rather than their independent efforts. Research has examined the nature and role of networks in innovation in various contexts and how it can be managed. One under-researched but increasingly important, form of innovation, in which network interactions play a key role is the development of new software applications or apps, in online communities. This form of innovation lends itself to research because it is accessible, provides information about the network of participants and their interactions over time and the sequences of resulting innovations. We describe how online communities can be studied to test various network based propositions about innovation as well as the effects of contextual factors.

Keywords: innovation, online communities, innovation networks, innovation processes, open innovation

Track: Industrial Marketing

1.0 Introduction

Innovation plays an important role in sustaining a firm’s competitiveness (Lee, Smith, and Grimm 2003; Gyer et al. 2009; Cho and Pucik 2005; Hult et al. 2004; Stock and Zacharias 2011) and is an important area of research spanning many different disciplines, including marketing, international business, engineering, economics, management, entrepreneurship and technological development. A significant and fast growing type of innovation is the development of software programs or applications, apps, to provide value for people and organisations. An important way this occurs is through the use of online communities of users, enthusiasts and researchers. Surprisingly, the way innovation takes place in online communities has not been the subject of much research, even though many of them are open communities in which information on the pattern of development of apps and the communications taking place among participants over time is readily available. In addition they have been used by a large number of organisations in the technology sector for product development. Of particular relevance here is that these communities provide a valuable and accessible opportunity to study the role of network interactions in the innovation process, which are increasingly being seen as the way innovations occur.

The purpose of this paper is to contribute to our understanding of innovation in online communities and the role of network interactions among participants. We first review theories of the innovation process, highlighting the role of relations and networks. Second, we develop propositions about the innovation processes in online communities and contextual factors likely to affect these processes. Third, we describe a research method to test and identify the impact of contextual factors. Finally we discuss the implications for further research and practice.

2.0 Theories of Innovation
Innovation can be described as “the successful implementation of creative ideas” (Amabile 1996, 8). Past research on innovation has focused on identifying the characteristics of innovations, people and organisations that innovate, and how to manage innovation. Innovation has been classified in 3 main ways: (1) product or service (technical) innovations; (2) process innovations; or (3) a new form of market organisation (Schumpeter 1934). Innovations have also been distinguished in terms of whether they are incremental or radical (Schumpeter 1934; Damanpour 1991) and how disruptive they are to existing methods of production and distribution (Christensen 1997).

Earlier theories of innovation tended to explain the process in magical ways as the product of lone geniuses having Eureka moments and the focus of research and theory was on the characteristics of individual people and firms, who were innovative, creative and entrepreneurial and how to manage research and development within firms. Innovation was seen as a linear process of invention and commercialisation, as evident in stage-gate models of the way new products and services are invented in R&D departments and then developed and refined over time by progressing through various stages in various departments, such as manufacturing and marketing, until the product/service is launched into the market (Cooper 1990). Innovation and creativity were viewed as “something done by creative or [innovative] people[organisations]” (Amabile 1996, 1). Research also examined the motivations of innovative individuals and firms (Fariborz Damanpour and Evan 1984; Manu 1992; Laursen and Salter 2006; Stock and Zacharias 2011; Quintane et al. 2011) and how to increase a firms innovativeness and innovation orientation (Manu 1992).

Three main perspectives of the nature of innovation have emerged. The first sees innovation as a cyclical pattern of trial and error (March and Olsen 1975; Cohen and Sproll 1991) and sense making engaged in by organisations (Weick 1979; Brunsson 1982). The second sees innovation as a purely random process where an organisation simply plays a reactive role and must take as many chances as possible (Cohen, March, and Olsen 1972; Hannan and Freeman 1989; Tushman and Anderson 1986). The third sees innovation as a nonlinear dynamic system that is chaotic, in that the “process” is both random and structured at different points in time (Cheng and Ven 1996).

More recently theories of innovation have come to the view that any person “with normal capacities [is] able to produce at least moderately creative work” (Amabile 1996, 1). New ideas do not emerge from nothing, they result from the combing and recombining of knowledge and ideas that already exist (Koestler 1989; Romer 1990; Robinson 2011). Therefore innovative ideas are created through the combination of innate creativity and prior knowledge (Allen 1977; Bjork 2009; Shane 2000) and the successful implementation of the produced ideas (Van de Ven 1986).

A person’s or firm’s ability to innovate is now explained more in terms of their connections with others, and the way they are positioned in relations and networks that enable them to discover, develop and exploit opportunities for change. Through their interactions with others over time, people and firms gain access to the knowledge and resources that allow them to innovate (Lee et al. 2010; Von Hippel 2007; Mick, Bateman, and Lutz 2009). People acquire their knowledge, and therefore form and refine their ideas, through informal knowledge networks and by interacting with other individuals (Brown and Duguid 1991; Wenger and Snyder 2000; Burt 2004). In the internet age, informal knowledge networks have been produced through the use of online forums, wikis and blogs which have developed online communities. These informal knowledge networks have been pointed out as highly important
for learning and innovation (see, e.g., Amabile 1996; Quintane et al. 2011; Robinson 2011). The creativity of individuals when collaborating in a group is claimed to be enhanced, leading to what has been termed “collective creativity” (Hargadon and Bechky 2006, 489) as result of the effect interactions have on people’s ability to absorb and choose between alternative ideas and link them to their existing ideas (Burt 2004).

A network perspective on innovation is consistent with the development of network theories of business and markets, in which the behaviour and performance of firms are explained more in terms of the relations and networks in which they operate (Wilkinson 2008). The role and functions of relations include access to information and ideas and collaborative opportunities in the development of products and services.

The role and importance of relations in innovation is evident in dyadic models of managing open innovation including cocreation of value through working with customers, suppliers and lead users. Lead users are users who have needs that are not being satisfied by the market and which in time will be “mainstream” needs (Von Hippel 1986). Studies suggest that innovations created and developed by working with lead users are more commercially attractive in terms of providing increased profit and market potential (Von Hippel 1986; Lüthje and Herstatt 2004).

More network rather than dyadic focused models of managing innovation are based on creating numerous external ties to tap into for the purposes of innovation. These include network positioning strategies in which firms try to keep many weak links to SMEs and other start-ups in order to suck up good ideas (Chesbrough and Appleyard 2007; Powell and Koput 1999; Powell and White 2005). Other examples are crowd sourcing (Howe 2006), open innovation (Chesbrough 2003) and online communities.

Crowdsourcing is a model for managing innovation where an “open call” is made to large groups of people and organisations (crowds) to complete some value adding activity for the organisation. The value exchange in this case is weighted towards the organisation as the crowd, in many ways, are acting as if they are outsourced workers for the organisation (Howe 2006). Crowd sourcing takes four primary forms: 1) crowd wisdom or collective intelligence, in which the crowd is used for the purpose of providing ideas and feedback about an organisation’s services, products or brand; 2) crowd creation or user-generated content, in which the crowd is used to provide content that organisations can use; 3) crowd voting, where the feedback of crowds is used as a quality mechanism; 4) crowdfunding, in which pledges of funding is sought from a large amount of individuals (Howe 2006). Crowd sourcing is a method by which users, customers and consumers are formed into business knowledge networks to benefit an organisation’s activities.

Open innovation is also a way of managing innovation which focuses on creating ties with users, consumers and customers. What it is exactly has been subject to some confusion (Giudice, Peruta, and Carayannis 2013), and how it differs from user-innovation, distributed innovation, collegial innovation and crowdsourcing is questioned. Some scholars, such as Trott & Hartmann (2009), claim that the concept is simply “old wine in a new bottle” and no different to the network model of innovation posited earlier by Rothwell and Zegveld (1985). Open innovation can be distinguished from crowdsourcing in that the model refers to the opening of an internal network with an external network for the process of innovation. Crowd sourcing, in comparison, focuses on how this ‘opening’ is done. Open innovation, or the
networked model of innovation, is being used by companies through the use of crowd sourcing and cocreation of value to increase innovation.

3.0 Online Communities

The implementation of open innovation is evident in open online communities, which allow users to freely collaborate with others and benefit from ideas, feedback and code sharing (Gassenheimer, Siguaw, and Hunter 2013). Open online communities are the focus of this paper. They are an economically significant research context that is growing fast. And provide unique opportunities for researching innovation and the role of networks, as they provide publicly accessible information about the processes and interactions among participants over time and the pattern of innovations resulting. They can also be used as the basis for follow-up research. But have been the subject of only limited research to date.

The focus of research in this area has been mostly on what motivates participants to contribute, and how organisations can manage these communities. How innovation occurs within these communities, which are used by many but controlled by no one, has not been explored much. Moreover, how the motivations of participants and who participates over time varies has been given scant research attention – none to our knowledge.

Online communities have been used to produce collective creativity and as a source of ideas for new product development (Kozinets 2002; Prahalad and Ramaswamy 2004; Von Hippel 2005). It is through collaboration with others from a wide variety of different backgrounds in these online communities that collective creativity, creativity which is distinctly generated as a result of social interactions, is claimed to be unleashed (Hargadon and Bechky 2006). Examples of online communities used for product development include www.github.com and www.sourceforge.com.

Online communities are a form of networked innovation, that also produce a form of “swarm intelligence” where “no one is in charge”, but “complex tasks are solved” (Gloor 2006, 20). Participants’ knowledge is combined and recombined with other participants’ knowledge, creating a pool of knowledge greater than the knowledge possessed by any individual in the community. At any one time individuals in online communities are progressing through different stages of the innovation processes. During this process an individual’s own ideas are being altered by viewing others ideas and or through feedback. Whilst at the same time individuals own ideas are built upon by others. Online communities involve a complex, non-linear, network process of innovation by multiple individuals, as depicted in Figure 1. We argue that viewing innovation in this way provides a deeper insight into the process of innovation and how the participants interact with one another within the community over time will impact on the types and sequences of innovations produced. Some of the attributes of online communities which make them a source of innovation are summarised in Figure 2.

Figure 1-Simplified model of innovation process

![Simplified model of innovation process](image)

Online communities may be distinguished in terms of whether participants can freely participate or not. Open communities are ones in which any person may become a part of and contribute to the community, e.g. open projects on sugarforge.com.au. Or they may be closed,
with only certain people able to join. Collaboration and participation in closed communities is based on meeting prior criteria, for example the paying of a fee or being a member of an organisation. The focus here is on open online communities. Existing research on innovation within open online communities has focused on what motivates participants (e.g. Antikainen et al. 2010). The relationship between motivation and the types of innovation produced has not been explored. This leads to our first proposition that participants who are highly intrinsically motivated are likely to apply greater effort in acquiring necessary skills for their chosen activity (Amabile 1996; Harter 1978) and lead to more commercially successful innovations: Proposition 1: Communities where intrinsic rewards are the main motivating factor for participants will produce more commercially successful innovations.

The size of the online community and the mix of types of participants are also likely to have an impact, such as the mix of potential and actual users, programming enthusiasts, professionals and software producers and suppliers. Based on Bagozzi and Dholakia (2006) suggestion that a certain number of participants in a community is needed before social influences impact user participation, we propose: Proposition 2: There is a positive association between the number of participants in online communities and the number of commercially successful innovations.

Figure 2-Attributes of open online communities beneficial to innovation

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<tr>
<th>During Ideation Process</th>
<th>During Idea Development Process</th>
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<td><strong>Access to More Ideas:</strong> Low barriers for consumers to contribute leading to easy access to a mass of consumers &amp; Swarm intelligence (Gloor 2006).**</td>
<td><strong>Access to More Valuable Feedback:</strong> Access to mass of consumers with greater motivation to provide feedback (Antikainen &amp; Vaataja 2010).**</td>
</tr>
<tr>
<td><strong>Access to Commercially Superior Ideas:</strong> Collective creativity (Kozinets 2002; Von Hippel 2005), access to more lead users (Lüthje &amp; Herstatt 2004) &amp; better documentation of consumers’ needs.</td>
<td><strong>More Easily Disseminated Feedback:</strong> Contributions are traceable &amp; more easily communicated between participants.</td>
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We propose a general proposition about the impact of different mixes of participants: Proposition 3: The number of commercially successful innovations will depend on the mix of types of participants in an online community.

Another research question is the effect of contextual factors on the innovation process and the types of innovations produced. Online communities are particular forms of networks in which interactions are limited and anonymised, participation is open (or not) and the innovations concern software, which has its particular characteristics, such as programming language, modularity, platform etc. At this stage of research no specific hypotheses are proposed and it is more a matter for exploratory research, although we do expect there will be some differences from other network innovation contexts. Hence we propose the following general proposition: Proposition 4: The innovation process in online communities will differ from those in non internet based communities.

The characteristics of those who participate in online innovation communities, in addition to their motivations, is itself a further research question. How frequently do different types of people participate? What is their background? What are the effects of their participation on other aspects of their life? Is online participation addictive in some way? All these questions remain to be answered.

4.0 Researching Online Communities

In order to examine the role and importance of network interactions in software innovations in online communities and to test the propositions advanced we need to design an appropriate
research method. Here we describe the methods we are using in our own research. The research focuses on three open online communities operating via the Github project management system. The communities were selected based on the number of online posts and to represent different types of software domains. The online communications are downloaded for text analysis and the patterns of interactions and innovations are mapped over time. A short online questionnaire is sent to all participants which asks about their motivations, background, contribution, attitudes to and participation in online communities. Finally, a follow up semi-structured interview will be conducted with respondents to the survey willing to cooperate. The research is currently underway and some of the results will be presented at the conference.

5.0 Conclusion

Open online communities are a commercially valuable source of innovation for organisations and more research is required to better understand this increasingly important form of innovation and how it can be managed effectively. They also provide a valuable opportunity to study the role and importance of networks in innovation. There is a potentially rich source of research data available, which is accessible and allows the content and pattern of interactions over time and the sequence of innovations resulting to be mapped and analysed. Research here will contribute to a better understanding of this new form of innovation and suggest opportunities for further research. Identifying some of the characteristics of online communities and how they function in the innovation process will also provide practical implications for the management of them.

References


Moral reasoning for immoral behaviour: An integrated model of opportunism

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Abstract

Opportunism, or immoral behaviour by business partners, seriously affects firm performance and partnerships. The significant research efforts devoted to identifying factors that may prompt opportunistic behaviours tend to assume implicitly that immoral acts result from rational cost–benefit evaluations. Yet behavioural economics and social psychology literature contend that actions also depend on self-images, such that immoral behaviours may be a product of the firm’s self-image. In investigating the role of self-concept–based moral reasoning for opportunistic behaviours, this study identifies relevant influences, such that the impact of existing determinants of opportunistic behaviour may be moderated by aspects of moral reasoning. The proposed conceptual model illustrates this moderating role and indicates that the inclusion of moral reasoning could help resolve inconsistent findings in opportunism literature that relies solely on traditional cost–benefit justifications.

Keywords: Moral reasoning, opportunism, cost-benefit reasoning

Track: Industrial Marketing

1.0 Introduction

Large companies such as IBM and Microsoft rely on their channel partners to sell their products; more that 75% of large technology companies’ revenue tends to be generated by channel partners (Deloitte, 2010). Thus immoral behaviours by these partners, such as neglecting obligations, breaching agreements, or distorting information, pose serious threats to the seller firms; high-tech sector firms lose an estimated $1.4 billion in profits each year due to their channel partners’ abuses of incentive schemes (Deloitte, 2010). Moreover, these issues persist, despite serious attempts to prevent such opportunism (Hawkins, Pohlen, & Prybutok, 2013).

The ineffectiveness of these attempts may relate to the inconsistent guidelines that extant research offers regarding how to prevent opportunism. For example, some studies argue that transaction-specific investments lower channel partner opportunism (Handley & Benton, 2012), but others indicate no or positive effects (Brown, Dev, & Lee, 2000; Crosno, Manolis, & Dahlstrom, 2013). Similarly, relational norms might negatively influence opportunism (Liu, Luo, & Liu, 2009) or else have no or postive effects (Hawkins et al., 2013; Wuyts & Geyskens, 2005). Without clear consensus, it is difficult for practitioners to develop an effective strategy for dealing with channel partners’ opportunistic behaviours. In addition, classical theoretical frameworks, such as transaction cost theory and social exchange theory, predict that people make ethical decisions on the basis of their rational evaluations of the cost and benefits: If the benefits associated with unethical behaviour outweigh its costs, people behave unethically. This approach may be overly simplistic though. Behavioural economics and social psychology research argues that unethical decisions also result from people’s self-images, such that previously engaging in moral behaviours enhances a person’s self-image, which may create a perceived license to engage in immoral acts. Such moral reasoning to justify immoral behaviours explains why previous gender-egalitarian choices lead to
subsequent discriminatory behaviours and why the purchase of green products can induce morally questionable behaviour (Effron, Cameron, & Monin, 2009; Mazar & Zhong, 2010). We posit that this complementary, largely unexplored, view of unethical behaviour may provide useful insights into the inconsistent findings that appear in opportunism literature.

Following behavioural economics and social psychology literature, we propose an integrated conceptual model that goes beyond classic economic and relational paradigms. Accordingly, this study makes several contributions. First, it integrates several literature streams, including both social psychology and behavioural economics, to account for the complexity of opportunistic decision making in inter-organizational contexts. Second, it demonstrates that a self-concept–based moral reasoning perspective can help address the inconsistent findings in extant opportunism literature. Third, the proposed conceptual model suggests several valuable research directions. Previous opportunism studies have tended to rely on a cost–benefit explanation. Yet even as challenges to the assumption of rational ethical decision making have mounted, no framework exists to integrate the various potential processes. We attempt to integrate two sets of frameworks by proposing that self-concept–based moral reasoning moderates the effects of transaction- and relational-related factors on opportunism.

2.0 Conceptual Background

An opportunistic channel firm adopts guileful behaviours, such as lying, stealing, and cheating, to advance its self-interest at the expense of its partner (Brown et al., 2000). Opportunism can be exhibited either passively, such as through quality shirking or the misrepresentation or exaggeration of capabilities, or actively, as in cases of contract breaches or violations of promotion agreements (Tangpong, Hung, & Ro, 2010). Regardless of its forms, opportunism represents a major problem that affects both firm performance and channel relationships (Seggie, Griffith, & Jap, 2013). When scholars adopt a rational cost–benefit perspective to explain opportunism, they assume that opportunists undergo rational, elaborate decision-making processes before making their unethical decision.

Table 1 summarises some key inter-firm findings provided by previous opportunism research. As it indicates, research guided by a rational economic perspective specifies the impact of transaction-related factors on exchange partners’ opportunism, mainly in terms of two key predictors: transaction-specific investments (TSI) and uncertainty. With TSIs, the investing firm seeks to support or facilitate business transactions with a particular business partner by obtaining specialised equipment or training (Williamson, 1985). Thus, it becomes more difficult for the investing firm to leave the current partnership, because the switching costs increase, which discourages the firm from behaving opportunistically, to prevent the threat of high potential costs (i.e., termination of the contractual relationship) (Crosno & Dahlstrom, 2008). Furthermore, prior research has identified two forms of uncertainty: environmental, which refers to an unanticipated change in the circumstances of the exchange, and behavioural, or the difficulty associated with assessing partners’ performance and contractual compliance (Rindfleisch & Heide, 1997). Both forms of uncertainty increase the difficulty of monitoring an exchange partner’s actions, so behavioural and environmental uncertainty likely encourage opportunism (Crosno & Dahlstrom, 2008). The relationship context also likely influences an exchange partner’s opportunism, so research in this vein includes analyses of relational norms and communication. In an exchange relationship, relational norms refer to the behavioural expectations that exchange partners share, at least partially (Liu et al., 2009). These norms shift the focus from individual outcomes to joint
benefits at the relationship level, such that they might prevent opportunism (Rokkan, Heide, & Wathne, 2003).

However, as Table 1 reveals, inconsistent findings emerge with both the transaction and relational approaches. For example, with a survey of 105 U.S.-based international companies, Handley & Benton (2012) find support for transaction cost theory, because the service provider’s relationship-specific investments attenuated its tendency to underperform or withhold resources. In a meta-analysis, Crosno & Dahlstrom (2008) also report a negative association between an exchange partner’s specific investment and its opportunism. Yet in a survey of two large hotel chains in North America, Brown et al. (2000) find a positive association between a franchisee’s investment and its opportunistic behaviour. This contradiction of transaction cost theory also appears in Crosno et al.’s (2013) finding that a retailer’s specific investment encourages its opportunism. Furthermore, relational norms have been shown to effectively govern channel partner opportunism (Brown et al., 2000; Liu et al., 2009), in line with social exchange theory, though other studies indicate no effect (Hawkins et al., 2013) or a contradictory effect (Wuyts & Geyskens, 2005) of this relational factor.

These inconsistent findings raise the possibility that the predictive power of these cost and benefit factors vary in different conditions. Expanding research in social psychology and behavioural economics also reveals that people are intrinsically motivated to maintain a moral and honest self-image, and their ethical decision are often influenced by their inner moral self-concept (Mazar, Amir, & Ariely, 2008). Thus, unethical decision making may stem from underlying psychological processes (Detert, Treviño, & Sweitzer, 2008). Yet despite the support for self-concept–based moral reasoning as a potentially useful mechanism for explaining opportunistic behaviours, it has been applied only rarely in inter-organizational settings (e.g., Jap, Robertson, Rindfleisch, & Hamilton, 2013). To illustrate self-concept–based moral reasoning, we discuss two elements, reflecting the malleable nature of people’s self-concepts and how they support moral reasoning for immoral behaviours.

Table 1: Opportunistic behaviours in business-to-business contexts

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<th>Source</th>
<th>Theoretical Lens</th>
<th>Key Findings</th>
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<td>Handley &amp; Benton (2012)</td>
<td>Transaction cost theory</td>
<td>TSI → Opportunism</td>
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<tr>
<td>Brown et al. (2000)</td>
<td>Transaction cost theory</td>
<td>TSI + → Opportunism</td>
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<td>Crosno et al. (2013)</td>
<td>Psychological reactance theory</td>
<td>TSI + → Opportunism</td>
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<td>Crosno &amp; Dahlstrom (2008)</td>
<td>Transaction cost theory</td>
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<td>Resource dependence theory</td>
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<td>Liu et al. (2009)</td>
<td>Social exchange theory</td>
<td>Norms - → Opportunism</td>
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<td>Hawkins et al. (2013)</td>
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<td>Norms n.s. → Opportunism</td>
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<td>Wuyts &amp; Geyskens (2005)</td>
<td>Social exchange theory</td>
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Notes: This table includes only empirical opportunism studies in business contexts. n.s. = not significant; TSI = transaction-specific investments

First, moral self-licensing occurs when previous moral behaviour leads people to engage in potentially immoral actions, without worrying about feeling or appearing immoral (Monin & Miller, 2001). Thus, a person’s internal moral self is malleable and may change over time as a function of the context, such as when someone has established him- or herself as a moral person (Effron et al., 2009). Moral self-licensing appears in different domains, with some explanatory power for immoral behaviour. For example, Effron et al. (2009) show that when people had an opportunity to express support for a black presidential candidate, they subsequently became more likely to discriminate against black job applicants. In a consumption domain, Mazar & Zhong (2010) find that purchases of environmentally responsible or green products allows people to establish their moral credentials, which then gives them a perceived license to engage in unethical behaviours, such as cheating and stealing. On the basis of these empirical findings, we propose moral self-licensing as a useful theoretical lens for uncovering the factors that might trigger an exchange partner’s irrational moral reasoning in ethical decision making, such as transaction history, rapport, or perceived relationship quality.

Second, psychological entitlement is a phenomenon by which people consistently believe that they deserve preferential rewards and treatment, with little consideration of their actual qualities or performance (Campbell, Bonacci, Shelton, Exline, & Bushman, 2004). Related to people’s inflated self-concept, psychological entitlement also speaks to the malleable nature of people’s moral selves, because they can flex their internal moral standard to justify their immoral behaviours (Poon, Chen, & DeWall, 2013). Psychological entitlement has been linked to different ethically questionable behaviours. For example, Poon et al. (2013) find that a feeling of exclusion triggers feelings of entitlement, which in turn lead to cheating behaviours in a task. With a survey of 223 employees, Harvey & Harris (2010) find that feelings of entitlement relate positively to ethically questionable behaviour at work. Therefore, we propose that psychological entitlement offers another useful theoretical perspective from which to explore the factors that may induce an exchange partner’s irrational reasoning in ethical decision making, such as channel partner status and past TSIs.

Using evidence from social psychology and behavioural economics, we argue that a channel partner’s ethical decision making is based not solely on rational cost–benefit reasoning but also on irrational moral reasoning processes, designed to justify their opportunistic behaviours (Merritt, Effron, & Monin, 2010). Thus, rational economic and social exchange approaches cannot fully account for people’s complex ethical decision-making process in inter-organizational relationships. We further argue that it is important to include self-concept–based moral reasoning to study opportunism, to account for irrational aspects of ethical decision making and supplement cost–benefit or relational explanations of opportunistic behaviour. In particular, the malleable moral reasoning perspective provides an appropriate, useful theoretical framework that might explain inconsistent prior research findings that could not be explained by rational economic or relational perspectives.

3.0 An Integrated Model of Opportunism
We propose an integrated model of opportunism (Figure 1) that takes into consideration both cost–benefit evaluations and moral reasoning processes during ethical decision making (Crosno & Dahlstrom, 2008; Monin & Miller, 2001). Two predictors exert significant impacts on opportunism, according to rational cost–benefit approaches: transaction-related factors and relational factors.

3.1 Antecedents

The rational economic perspective highlights an obvious and explicit explanation for opportunism, in the form of transaction-related factors, such as TSIs made by business exchange partners, uncertainty in the business environment, and uncertainty about an exchange partner’s behaviour (Jap & Ganesan, 2000). As predicted by transaction cost theory, the investing party’s TSI should suppress its own but promote its exchange partner’s tendency to engage in opportunism. Environmental and behavioural uncertainty both likely encourage the exchange partner’s opportunism. Recognition of the importance of exchange relationships also has prompted researchers to identify relational predictors of opportunism, derived from social exchange and resource dependency theory. They include relational norms, communication, and relative dependence (Joshi & Arnold, 1997). According to social exchange theory, both relational norms and communication attenuate exchange partner opportunism, and resource dependence theory predicts that the more dependent party refrains from opportunistic behaviour to ensure relationship continuity.

Fig. 1: Integrated model of opportunism

3.2 Self-concept–based moral reasoning

Jap and colleagues (2013) argue that both cost–benefit evaluations and moral reasoning influence ethical decision making, though their relative importance likely varies with the decision context. They also demonstrate empirically that business partners are more likely to engage in unethical behaviour when they adopt irrational moral reasoning. Accordingly, we propose that people likely engage in some degree of cost–benefit reasoning in most ethical decision contexts, but the degree to which they undertake malleable moral reasoning depends on the condition. If the degree of malleable moral reasoning is low, cost–benefit reasoning dominates people’s ethical decision making, and their behavioural outcomes
will be consistent with predictions derived from rational cost–benefit reasoning. However, if the degree of malleable moral reasoning is high, people likely engage in irrational reasoning processes to justify their unethical behaviours, which may attenuate the predictive power of rational cost–benefit reasoning. That is, we propose that malleable moral reasoning moderates the effects of rational cost–benefit reasoning on opportunism.

3.3 Consequences of opportunism

Opportunism harms the exchange partner’s business performance and relationship satisfaction; it also increases the partner’s switching intentions. Consistent with existing empirical findings, we include outcomes in our integrated conceptual model, to provide a more holistic view of the issues associated with opportunism in inter-organizational contexts.

4.0 Conclusions

Although previous opportunism research has relied almost exclusively on transaction cost and social exchange theories to explain inter-organizational opportunistic behaviour and its antecedents and consequences, our review of previous literature indicates some inconsistencies in the empirical findings, which warrant additional theoretical consideration and empirical investigations. Inspired by ethical research in social psychology and behavioural economics, we argue that these inconsistent findings result partially from the complex nature of the ethical decision-making process, in which people engage in both a rational cost–benefit calculus and irrational, malleable moral reasoning processes. In some conditions, irrational moral reasoning may exert a stronger influence than the rational process in ethical decision making, which could explain the inconsistent and contradictory findings in previous literature. This study suggests two lines of research to help researchers determine which factors contribute most to malleable moral reasoning processes. In addition, our conceptual framework grants an alternative perspective on governance mechanisms, by highlighting the importance of internal governance mechanisms, such as moral and cost–benefit reasoning, rather than focusing purely on external mechanisms, such as bilateral TSIs or relational norms, as has been the case in previous opportunism literature.

References


The promise of crowdsourcing for innovation in industrial firm context

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Abstract
Crowdsourcing provides new opportunities for firms to generate ideas and derive innovations from their external operating environment. Crowds can solve specific tasks, participate in idea challenges and aid in data collection. However, there are also hindrances and obstacles that may affect the possibility of crowdsourcing to work as hoped. Our findings are based from industry experts and three rounds of workshops with industrial firms. This study explores current challenges and potential application areas of crowdsourcing. According to our analysis we find that crowdsourcing challenges can be categorized into processual, organizational and IPR/technology issues. Potential application areas can be categorized into in-bound and out-bound applications. The contribution of this paper is an increased understanding of crowdsourcing phenomenon

Keywords: Crowdsourcing, Potential and possibilities, Barriers and Challenges, Crowds, Idea Generation
Track: Industrial Marketing

1.0 Introduction

To create new competitive advantage, firms are interested in commercializing new products and technologies (Simula, Valiauga & Lehtimäki, 2014) but they need a constant stream of new ideas because only few of the ideas initiated will become successful (Stevens & Burley, 1997). The sources for most valuable ideas have been debated in new product development (NPD) literature and there are two schools of thought: the first arguing that professionals hired by firms produce best ideas, whereas the second regards users as the superior source for innovations (Poetz & Schreier, 2012). Crowdsourcing capitalizes on the latter by including not just users, but all potential innovators residing outside the boundaries of a firm in idea generation (Simula & Vuori, 2012). Crowdsourcing is closely related to concepts of open innovation, user-driven innovation and co-creation (Hopkins, 2011; Chesbrough, 2011). How firms can to tap into external ideas and knowledge via crowdsourcing is increasingly getting importance among scholars. Whilst there are many application domains where crowdsourcing can be utilized (design contests, microfunding, microtasking etc.), in this article we use the term crowdsourcing limiting it to the of idea and innovation generation.

There has been a growing interest towards crowdsourcing and its benefits in managerial and academic literature. However, potential challenges related to crowdsourcing have not been widely discussed in the extant literature (Simula, 2013). Moreover, most of the companies using crowdsourcing can be regarded as technologically advanced companies with substantial resources. A less addressed perspective is that of “average” firms without substantial resources to invest in this area. Thus, the objective of this paper is to explore the crowdsourcing phenomenon from the “ordinary” company perspective and consider potential application domains and challenges related to crowdsourcing in this context. Consequently we address two key questions: (1) Where can a firm potentially use crowdsourcing, and (2) what are the main crowdsourcing-related challenges? According to our findings, we categorize
crowdsourcing potential into in-bound and out-bound processes and domains. In addition, crowdsourcing related challenges are found to relate to the actual crowdsourcing process, to the initiating organization, as well as to intellectual property rights and technology.

The rest of the paper has been structured as follows. In section 2 the concept of crowdsourcing and its various application domains are described and discussed. In section 3, crowdsourcing is described in idea generation context. Section 4 describes our methodology and in section 5, we present our results as well as analysis. Section 6 provides discussion, limitations and consideration for further research. Finally, concluding remarks are presented in in section 7.

2.0 The Concept and Application Domains of Crowdsourcing

Crowdsourcing can be applied in various domains that range from integrating scattered human endeavor to empowering communities in idea generation (Gowdy et al., 2009). Crowdsourcing is similar to outsourcing process (Storey, 2009) and it is difficult to draw exact boundaries between crowdsourcing, outsourcing and open source (Marjanovic, Fry & Chataway, 2012), which all include the element of engaging people to work towards common objectives. In essence, crowdsourcing enables firms and organizations to harness large pool of talented people outside of their own boundaries for the purpose of knowledge acquisition. Theoretically, a large population of individuals with different backgrounds and knowledge basis representing diversity of opinion, independence and decentralization (Surowiecki, 2005) can contribute towards product, service and process development of the focal firm. Furthermore, the rapid emergence of mobile communication (Gruber & Koutroumpis 2011), social media (Kaplan & Haenlein, 2010) and high speed internet connection have created new opportunities to communicate and disseminate information as well as to aggregate opinions and ideas. Advancements in technology are key requirements for “wisdom of crowd” to actualize (Surowiecki, 2005). It was noted already over ten year ago that the surge in Internet related communications technology increases the ability of firms to serve their customers, collaborate with their channel partners and suppliers and empower their customers considerably (Sawhney and Zabin, 2002). Internet has been used as platform to make this customer engagement and co-creation possible (Sawhney, Verona & Prandelli, 2005).

Crowdsourcing can be used for micro tasking (Howe, 2008), idea generation (Leimeister, 2009; Magnusson 2009; Piller & Walcher, 2006; Poetz & Schreier, 2012) and problem solving by businesses, governments and non-profit organizations (Brabham, 2008; Jeppesen & Lakhani, 2010; Chesbrough, 2011). Recently crowdsourcing phenomenon has been analyzed e.g. from networks perspectives (Simula & Ahola, 2014). An example of an organization using crowdsourcing for knowledge discovery is NASA, who crowdsourced the task of measuring craters on images of Mars among enthusiasts. The participants completed the task without charge, as accurately as NASA employees or contractors and in a considerably shorter time. A similar case is Planet Hunter, where enthusiasts did help astronomers to locate potential planets by examining data from the Kepler space mission. Additional example is X PRIZE Foundation - a nonprofit organization, which aims to bring about radical breakthroughs for the benefit of humanity via large-scale and high profile challenges that everyone can participate in. Crowdsourcing can also be applied in microfunding: Kiva is a non-profit organization with a mission to connect people through lending to alleviate poverty whereas Kickstarter provides a funding platform for creative projects. Crowdsourcing can also be utilized in creative domains including design
content distribution and advertising as well as collective content creation (Parameswaran & Whinston, 2007). A hallmark example of using crowdsourcing in creative designs is Threadless, a t-shirt company that routes the T-shirt design process through an ongoing online competitions (Brabham, 2010). Car manufacturing companies like Peugeot and Fiat have success in designing cars by engaging crowds in the process. Brazil’s most famous automobile brand launched a project called Fiat Mio, which involves an online platform for crowd to provide ideas and suggestions for a new car. More than 10,000 suggestions have been received from over 160 countries (Myers, 2010).

In idea generation, crowdsourcing can be carried out directly between the solution seeker and the solution provider but there can also be brokers in between who act as “crowdsourcing middlemen” or “innovation intermediaries” (Lichtenthaler & Ernst, 2008; Marjanovic et al., 2012). One of the often cited examples of this kind of an actor is InnoCentive.com with their online network of more than 200,000 problem-solvers (Chesbrough, 2011). Several similar broker platforms have since emerged, NineSigma, Yet2 and Yourencore just to name a few (Hossain, 2012). Thus the use of crowdsourcing in the context of idea and problem solving contests has provided new business opportunities for third parties.

### 3.0 Crowdsourcing in Idea Generation Context

Key participants in crowdsourcing in idea generation context comprise solution seekers (i.e. public, private sector or third sector organization) and solution providers (i.e. individuals, research departments, SMEs and technology incubators), who are connected to each other via Web and social networks (Marjanovic et al., 2012). Idea and innovation competitions are typical ways of using crowdsourcing for innovation (Leimeister, 2009; Piller & Walcher, 2006). Competitions can range from relatively easy tasks to extremely difficult challenges. Nokia, that was one of world’s largest manufacturers of mobile phones engaged customers, hobbyists, enthusiasts and developers to participate in idea challenges related to mobile phone applications through their Ideasproject.com crowdsourcing initiative (Vuori, 2012). A Korean cosmetics company, Missha has increased its market share tremendously, which can be credited to involving crowds in its ideation process. Starbucks is running MyStarbucksIdea initiative to engage consumers and P&G is using the crowdsourcing concept for marketing its products: through an online platform, a virtual crowd of 240,000 female consumers in the USA has been engaged in promoting the P&G and partner brands (Vocalpoint, 2012).

In the above examples, ideas expressed by customers represent “solution information”, which comprises needs-based information as well as customer-oriented suggestions describing how ideas can be transformed into marketable products (von Hippel, 1994). When crowdsourcing is used for innovation and idea generation purposes, quality of generated ideas may become an issue for the focal firm. A recent study found out that ideas generated by users - contrasted with those created by professionals - scored higher in terms of novelty and customer benefit (Poetz & Schreier, 2012). The study, however, was conducted among simple consumer products where there were low or moderate requirements for prior knowledge. Poetz and Schreier (2012) actually points out that “there may be a significant relationship between knowledge-based entry barriers and the users’ ability and likelihood of coming up with promising new product ideas” (p. 254). This may hold particularly true in business-to-business (B2B) environment, where products are of complex in nature and requirements for engineering and standardization knowledge is typically high. Nevertheless, this does not
imply that crowdsourcing would be futile for B2B firms. There are opportunities for B2B
firms to adopt crowdsourcing and some innovative B2B firms are already active in seeking
new ideas and business opportunities via crowdsourcing. One famous example of B2B
crowdsourcing is ColdCorp, a mining firm that opened its geological database for public and
asked help from outside experts to locate mineral resources in their property with highly
lucrative incentives (Brabham, 2008). Another example is a North European construction
company Lemminkiinen that organized an idea competition to celebrate their 100th
anniversary and awarded prizes worth of 50,000 Euro for new living, working and travelling
related concepts. Port2060 is an initiative by Cargotec that provides cargo handling solutions
for marine and offshore operations and local transportation. The idea of Port 2060 project is to
invite a wide range of experts to share their views on the ports of the future.

Whilst idea crowdsourcing is usually described in the context of external stakeholders,
their employees for
firms can also use crowdsourcing internally to tap on the knowledge of their employees for
new ideas. Thus, crowdsourcing can be used to encourage idea generation and to promote
intra-organizational interaction for knowledge creation within the firm’s boundaries. Large
multinational players such as SAP, Infosys, Siemens, McKinsey & Co. and Eli Lilly use
internal crowdsourcing in order to engage employees throughout the organization in intra-
firm problem solving and idea generation (Benbya & Van Alstyne, 2011). Also in Finland
there are examples of industrial firms who have implemented internal ideation tools to capture
brainpower and knowledge residing within an organization. These tools allow idea generation,
knowledge distribution, idea storage as well as interaction; i.e. people can rate, vote and
comment on each other’s ideas online (Simula & Vuori, 2012).

4.0 Methodology

Our study is explorative in nature with the aim of creating theoretically expressed
understanding of the underlying phenomenon. To create new theory, the author has decided to
use the grounded theory approach (Corbin and Strauss, 2008) to analyze the empirical
evidence and to arrive at theoretical categorization of the data. According to Mello and Flint
(2009), grounded theory approach is especially useful in cases where little formal theory
exists. Furthermore, grounded theory enables a more holistic understanding of the
phenomenon. Given the objective of generating new theoretically expressed understanding in
a situation, where extant literature and formal theory is scarce the use of grounded theory
approach is justified.

The empirical data for this paper has been collected from two interviews with a
crowdsourcing expert and two workshops where crowdsourcing was the main discussion
theme. The experts were former crowdsourcing managers with hands-one expertise on
developing and implementing crowdsourcing in a large Finnish company operating on global
scale. Both interviews lasted approximately an hour and were taped. In both cases researchers
took notes during the interviews; the second interview was also transcribed verbatim.

The workshops were organized during spring 2012 and lasted three hours. In the first
workshop in March 2012, eleven representatives from seven firms participated. The
participants were mainly holding mid-managerial positions in Finnish service and
manufacturing industry. Moreover, several researchers from various research institutes also
participated in this workshop. One firm was represented by three participants; two firms sent
two participants. Four researchers facilitated discussion in three separate groups. Each group
focused on a specific crowdsourcing related theme. Participants rotated between three groups,
allowing everyone to contribute to each theme. The workshop started with a keynote presentation by Nokia’s Head of Crowdsourcing who gave a presentation on their crowdsourcing initiative called Ideasproject. Thereafter, participants continued working with modified World Cafe method (“World Café method,” 2012). All participants filled in a data sheet after which the topics were discussed in groups. Researchers facilitating the discussion on each table took notes on flipchart and other researchers observed and wrote memos. At the end of the workshop, forms were collected and three sheets were rejected as they were filled by co-researchers from other university or by industry association representatives. The data from sheets and notes were combined, grouped and analyzed by two researchers first separately and then together.

The second workshop was organized in May 2012 as a roundtable meeting with six company representatives and one industry expert. There was one firm that participated in both workshops; however the delegate was different person. This workshop followed a different structure due to smaller number of participants and focused on giving an overview of crowdsourcing, describing cases from practice and presenting findings from studies related to crowdsourcing conducted by participating researchers. After introduction, discussions with company participants took place in one central setting.

5.0 Results and Analysis

Based on our analysis we identified both in-bound as well as out-bound processes, functions and domains that crowdsourcing can potentially support and enhance (c.f. Sawhney and Zabin, 2002). Our analysis suggests (see Figure 1 below), that the inward-facing processes and domains that can be potentially impacted by crowdsourcing are product and service development process i.e. R&D, company internal atmosphere especially in terms of collaboration spirit, and cost-reduction efforts. In terms of outward-facing processes and domains, the potential of crowdsourcing was seen to relate to open innovation practices, marketing and branding as well as recruitment. Our analysis also revealed challenges related to crowdsourcing, which we categorized into process, organizational as well as Intellectual Property Right (IPR) and technology related.

Potential of crowdsourcing

- Inward-facing processes and domains: R&D, firm atmosphere, cost reduction
- Outward-facing processes and domains: open innovation, marketing, HR

Challenges of crowdsourcing

- Processes
- Organization
- IPR and Technology
5.1 Potential of crowdsourcing: In-bound processes, functions and domains

In terms of R&D, crowdsourcing was regarded as a method enable faster product, service and innovation development. Participants in our workshop emphasized the potential of crowdsourcing in finding new resources in company network that can enhance implementation i.e. by microtasking and microproduction. Also the possibility to find new vendors and suppliers through crowdsourcing was raised. The possibility to draw feedback from customer’s customers was also seen to enhance the company R&D processes. In general, our participants viewed crowdsourcing to provide an opportunity to better understand customers, which could potentially make product and service development more efficient overall. One point that was also made in terms of using crowdsourcing for efficient R&D was the fact that via crowdsourcing, firms can get indication on future preferences of people, which could help to predict the future.

In terms of collaboration spirit, our data suggests that crowdsourcing was seen to have potential in creating positive working spirit as well as providing opportunities for influencing and learning. Crowdsourcing was seen as a tool to boost and induce participation; here, the end result may not even be the main goal. An example given in this context by our workshop participant was an internal name challenge conducted via crowdsourcing. In that case the actual name was not the “beef” but rather encouraging people to participate with the help of the idea challenge. Our analysis suggests that one potential impact of crowdsourcing in terms of internal atmosphere was in boosting entrepreneurial spirit (i.e. intrapreneurship).

The potential of crowdsourcing was also discussed in terms of cost reduction, where it was regarded as a tool to reduce head count since via crowdsourcing certain tasks can be outsourced to crowds and the general public. Crowdsourcing was also regarded to bring increased process efficiency, which could impact positively on costs.

5.2 Potential of crowdsourcing: Out-bound processes, functions and domains

The main out-bound process that was discussed in our workshop vis-à-vis potential of crowdsourcing was that of open innovation, where crowdsourcing was identified as a potential tool to enable product and service co-creation with customers and to foster ecosystem thinking. The potential of crowdsourcing was especially recognized in generation and collection of new ideas as well as obtaining masses of data. The outside-in perspective provided by crowdsourcing was seen as relevant in providing access to user experiences. Crowdsourcing was regarded as a way to find new competences (skills and knowledge) outside firm boundaries and even to provide opportunities to come up with new businesses. A key here, as emphasized by our participants, was the fact that crowdsourcing was seen to relate to providing access to larger audiences and thus improved competences, which then could provide new innovations. The diversity of ideas and knowledge was seen as the potential that crowdsourcing can grasp in a way that has not been possible before. It was also mentioned that crowdsourcing could be a potential way to reach enthusiastic amateurs. Furthermore, it was suggested that due to crowdsourcing, even implementation of non-strategic ideas could be considered more than before.

In addition to open innovation, our workshop participants also recognized crowdsourcing potential within marketing and branding as well as in recruitment functions.
We found that crowdsourcing could potentially help in building the brand image (both internally as well as externally). Crowdsourcing could potentially make customers more committed and sales could actually be increased through better visibility. Crowdsourcing was also regarded as potentially useful method for pre-marketing, which could work even better than traditional push-marketing. It was also mentioned, that collective brain-power can support sales by producing new leads. Overall, in the context of sales and marketing, crowdsourcing was seen to have potential in terms of providing opportunity to create new business models and marketing programs. Ideally, crowdsourcing could also enhance sharing ideas with larger audiences across different companies. In recruitment, crowdsourcing was regarded as a potential tool to access and reach superior competencies residing outside firm boundaries. Our participants also discussed the possibility of using crowdsourcing in the context of creating positive employer image, which could further enhance and support firm’s recruitment efforts.

5.3 Challenges of crowdsourcing: Process-related

Our data revealed that firms in our workshops have not been using crowdsourcing widely. Through the workshop discussions we discovered that traditional ways of partnering with suppliers and customers are still in place and regarded as the most important way to share knowledge. In implementing crowdsourcing for idea generation selecting and rewarding ideas may become challenging. Our analysis of data suggests that if companies want to make idea crowdsourcing success, they should invest adequate attention and resources to the harvesting process. Here, it may not be enough to rely on the “crowd” in selecting the most feasible ideas; instead a combination of the wisdom of the crowds and the knowledge of an internal jury may prove as the most feasible solution, as suggested by an expert interview. The jury comprising of company internal stakeholders plays an important role in screening and pre-selecting ideas, which then can be fed back to the online community for votes and comments. Thus the crowdsourcing community plays a role in both generating ideas as well as in refining the choices made by the jury. To extract the best ideas, voting may not be the most feasible solution. This is due to the fact that in an on-line environment votes can be generated artificially. In this case ideas with most votes do not reflect the true wisdom of the crowds. Voting may work if there is a truly big mass participating, meaning tens of thousands of users giving their votes. Ideally, there also should be a process in place to prevent potential and intentional distortion of the results.

Our expert stressed the meaning of tangible rewards in motivating users to participate in idea challenges. According to her experience, the one idea challenge that involved a tangible reward was considerably more successful than the ones without. The key here is the careful consideration of the potential contributor group and their underlying motivation factors and alignment of these two – a task that is easier “said than done”. Another challenge related to the crowdsourcing process identified in our workshop and by our expert relates to designing idea challenges in the way that they that can be correctly understood by the participants. In order to get people to contribute, people need to understand the context of the challenge and have the right frame of mind. Thus, the firm initiating the idea contest should define and articulate the idea challenge carefully to ensure right type of input. Preferably the idea challenge should encourage an adequate number of participants to contribute on the right level of detail, meaning that the ideas are specific but not too detailed to leave room for further development and elaboration.
5.4 Challenges of crowdsourcing: Organizational issues

According to our data, motivational aspects and company culture may pose a significant challenge for the adoption of crowdsourcing. Traditional ways of thinking and operating in a closed innovation setting where ideas are not shared was considered as an issue that should be overcome for crowdsourcing to work. In case employees feel that they have no time to participate in idea creation and if they regard crowdsourcing as “extra work”, it does not work. In addition, crowdsourcing requires a new mindset from the top management. They should tolerate a wide and most likely a very diverse range of ideas since after adopting crowdsourcing with external stakeholders, ideas can originate from anyone. In addition, management should encourage the type of company culture that supports ideation. In case the company culture nurtures the “I do not want to share” –type of attitude it is difficult to engage people to participate in idea competitions. People may have fear of negative and visible feedback toward proposed ideas or think that their ideas are simply not good enough. This could lead to a situation where people may want to develop their ideas on their own, instead of sharing them openly with others.

How to integrate new opportunities raised through crowdsourcing with existing needs was one issue. This relates to how ideas should be viewed in an organization; instead of seeing ideas as something that disturb the daily work, ideas can be regarded as positive. However, having too many new ideas can also be a situation where a firm does not want to be in. This was mainly seen to relate to resource constraints by the workshop participants. Firms see the need to assign adequate resources to the crowdsourcing process to be able to evaluate received ideas and provide feedback to the contributors. It was also suggested that the crowdsourcing process should be clearly defined and internal roles and responsibilities clarified in order for crowdsourcing to provide benefits. In other words, before starting crowdsourcing, firms should consider, who are actually in charge of evaluating ideas and how this is done. Firms should also consider how to provide feedback to the contributor in case the idea is not proceeding.

Another organizational challenge in crowdsourcing is how to get people to take ideas further and implement them in practice. It was mentioned that individual task lists are often full, leaving no room for extra work. In addition, if individual performance targets are already agreed upon and set for a long time ahead, it is not likely that people would want to jeopardize their bonuses by taking up extra work, which is often required in the case of idea development. It was suggested that the incentive structure should take this into account. In addition, an IT- system that allows visibility into various idea development phases and involved persons (i.e. who has contributed to which phase) could also be useful in evaluating who has made a real contribution to the innovation process.

5.5 Challenges of crowdsourcing: Intellectual Property Rights and Technology issues

In the context of ideation, issues around intellectual property rights (IPR) may be problematic, in particular if there are no clear policies in place. For instance, what an employee can share with other companies can be an issue. In other words, it means that firms may fear of leakage of ideas and information to competitors and thereby work contracts may hinder the participation. A smooth process requires that users have been informed of IPR issues e.g. in case of potential transfer of idea ownership. In case a company decides not to take up the new suggestion or idea, the potential transfer of IPR should be addressed and communicated to the participants in clear terms. In addition to this, a policy on employee
rights to innovations and compensation methods has to be stated clearly. A separate but related topic was possible misunderstandings with Non Disclosure Agreements when ideas are implemented.

Issues related to information technology in supporting crowdsourcing were also raised in the context of following question; who provides the actual platform for collaboration? Another issues related to technology were the functionality and efficiency of the platform in supporting feedback flows from and between the participants. Even if participating in crowdsourcing is voluntary, participants want to receive timely feedback in exchange for their input. In addition, the crowdsourcing community pays close attention to the harvesting process in terms of fairness and openness. From the company point of view giving feedback to the crowd should be regarded as an essential task and something that is closely followed up by the contributors and the IT platform should also enable this in an efficient way.

6.0 Discussion, Limitations, and Further Research

This study provides insight into what firms should consider when they are considering entering into crowdsourcing. Our study addresses both potential of crowdsourcing as well as related challenges. Even though most company participants in our workshops were relatively new to crowdsourcing, they were able to address and highlight several potential application areas where crowdsourcing could be of use. Vis-à-vis internal applications, crowdsourcing could have potential in making R&D processes more open and efficient, boosting internal atmosphere of collaboration and entrepreneurship as well as providing opportunities to cost reduction through more efficient processes. Especially using crowdsourcing to boost collaboration spirit and entrepreneurship within an organization may be a novel and interesting domain for companies to consider; in this context the actual process of involvement and encouragement may be more important than the reward or outcome. Vis-à-vis the outward looking domains, crowdsourcing may enhance open innovation. However, crowdsourcing may be useful also in the context of marketing and branding as well as in recruitment. The latter has not been discussed widely in the extant literature and could be of interest to Human Resource professionals as an opportunity to enhance connections to new and potential employees as well as in creating positive employer image.

In terms of process-related issues, organizational as well as IPR and technology related issues we raised. Challenges may actually differ according to the actual application of crowdsourcing, for example if a company is engaged only in internal crowdsourcing then IPR issues are not necessarily relevant. In any event, IPR issues should not be overlooked - the key point in idea competitions is that rules and intellectual property ownership are clear and disclosed openly. The majority of process-related challenges relates to the actual harvesting process, which was emphasized by our expert in particular. This may point to the fact that the “operational” side of crowdsourcing is something a firm only learns by doing. The processual challenges, as described in our study, may thus bring novel insight to firms that have not yet actually started crowdsourcing. One of the major challenges found in our study was that of employees are typically already busy and overloaded with work that prevents them fully engage in crowdsourcing efforts. For top management, this provides a challenge in terms of balancing daily workload with innovation-oriented work, including participation in idea challenges and interacting with others in order to create new ideas and transfer knowledge. It is likely, that resource constraint issues can be addressed if top management takes a step towards prioritizing crowdsourcing initiatives.
Who should be in charge of crowdsourcing initiatives and who is the owner within the company? Ideally a company could appoint a “Head of Crowdsourcing” for the ownership role. If this is not feasible, one solution could be appointing a project manager related to the substance of the initiative at hand. Ownership may thus vary according to the task at hand. In general, the role of R&D department is vital since crowdsourcing in idea generation can primarily be linked to new idea and knowledge generation. Company R&D should thus be involved in and be aware of company crowdsourcing initiatives irrespective of whether the crowdsourcing initiative is targeted at internal or external crowds.

A major limitation of this paper is related to data collection and the sample, which includes Finnish companies only. The workshop participants had also limited time to consider the various themes. Thus, it is likely that the topics mentioned in the workshop represent the most obvious application areas and challenges. Longer discussions and follow-up questions could have brought additional insight into our research topic, which we partly addressed in the interviews with our experts. In the future, a large-scale survey could address questions of differences in crowdsourcing adoption in different firms. It would be also interesting to conduct interview with top managers in order to see if perceptions are different. An international survey could provide data for global comparison. I.e. how can multinational corporations engage their customers globally as a crowd for idea generation. Naturally this kind of international study could bring in valuable insight of culture related antecedent too.

An interesting perspective into crowdsourcing was raised in our workshop when one of the company participants raised a question: “What if we do not use wisdom of crowds?” Whilst this kind of statement may not create too much pressure on top management to take up crowdsourcing, it may provoke thoughts on the usefulness and potential value of external stakeholders in innovation activities in the future.

7.0 Conclusion

Crowdsourcing seems to be a topic with plenty of potential but there are also several issues that need to be solved if industrial B2B firms are to fully leverage its potential. Crowdsourcing is not any silver bullet but for a number of firms it is already proving to be an effective and viable solution especially for collecting new ideas. With our paper, we hope that we have been able to give insight into the potential application areas as well as related challenges in crowdsourcing. Furthermore we feel that discussion on the actual usefulness of crowdsourcing without the “hype” and a more comprehensive perspective into the subject is needed. From the firm perspective, whilst crowdsourcing is potentially useful in many areas, it has processual, organizational as well as intellectual property rights and technology related implications that that should not be overlooked if a firm wishes to make crowdsourcing a success.

References


INDUSTRIAL MARKETING ABSTRACTS
The Application of the Results of Interconnectedness Typology in a Triadic Relationship

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Abstract

This study aims to explore the results of interconnectedness in a triadic relationship between a long-term savings and investments provider, independent financial advisers (IFAs) and customers in the UK. Even though the majority of the sales in the long-term savings and investments industry are generated through the IFAs, studies that explore this unique relationship are scarce. Smith & Laage-Hellman's (1992) typology of the results of interconnectedness is used to analyse this triadic relationship. Case study research method with multiple sources of evidence was adopted for the purpose of this study. The findings indicate that combination, bridging, displacement, avoidance and blocking patterns occur in this triadic relationship. These findings provide useful insights on the transformation of a triadic relationship, which involves specialised middlemen such as the IFAs. Furthermore, the study also offers recommendations for practitioners on how to improve the effectiveness of a triadic relationship.

Keywords: interconnectedness, financial advisers, triadic relationship, financial services

Track: Industrial marketing
Individual Change Agents, Skunk Works and Effectuation for Radical Innovation

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Abstract

Despite the growing interest in radical innovation, very little is known about the critical role of the individual innovator who are the central agents of change in radical innovation success. Neither is there understanding of skunk works that are being used by firms to structure for radical innovation. This paper proposes that using an alternative approach of skunk works within a larger organisation for the entire process from idea generation to business implementation. It is argued that the individual innovator, not a team, is central to innovation process and that these agents use an effectuation approach to achieve radical innovation. An in-depth qualitative design method is used which includes 60 radical innovators across six countries and several industries, with this paper being a pilot study of nine radical innovators. The results are presented at the individual, group and firm level with an extension of the discovery-incubation-acceleration framework.

Keywords: Radical innovation, innovation, effectuation, individual innovator, semi-autonomous groups, skunk works, autonomous teams, dynamic capability, radical innovation organization

Track: Industrial Marketing
Deconstructing the Assumptions Behind Transformation
Towards Solution Business: When Solutions Become the Problem

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Abstract

The offering of solutions and the running of solution business has gained increasing attention in business-to-business marketing over the last years. This development started over twenty years ago in practice and lately academia has also drawn more and more attention to the phenomenon. In this stream of research, solutions are typically seen ‘positively’ in a sense that they offer opportunities for sustainable competitive advantage in increasingly competitive globalizing markets. Furthermore, solution business is mainly discussed from the perspective of producers of industrial goods transforming from product to solutions business. This paper wants to confront these views with three major challenges related to solution businesses that have not been investigated that much so far: (1) capability bottlenecks in transforming into a solution provider, (2) the parallel deployment of solution and non-solution business strategies, and (3) the emergence of specialized integrators and changes of value chain structures related to it.

Keywords: solution business, industrial marketing, capability, business model

Track: Industrial Marketing
Firms as agents of market change: identifying market shaping capabilities

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Abstract

Viewing markets as socially constructed, and thus consciously reconstructable, opens up interesting avenues and possible new tools for strategists. Decisions regarding markets are no longer limited to market selection but markets themselves can be shaped for higher value creation, growth and profitability. In this paper we investigate what kind of capabilities firms need in order to shape existing or make new markets, and synthesise the identified capabilities into a cohesive framework. Based on an abductive research process involving 16 firms and 63 executives from two countries, we identify 17 firm-level market shaping capabilities. These market shaping capabilities are further categorized into four capability-sets: sensing, probing, seizing, and aligning. These findings contribute to the emerging discussion on market-driving strategies by illuminating the “black box” between previously explored antecedents and outcomes of market-driving strategies.

Keywords: market shaping, ecosystems, capabilities

Track: Industrial marketing
How to Achieve Organizational Agile through Exploring and Exploiting Social Networks: Contingencies of Strategic Orientation

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Abstract

Agile manufacturing has been proposed as a new organizational paradigm that can effectively address rapid market changes. This study adopts social network perspective to help better understand how to develop agility. We propose that a firm can achieve organizational agile through exploring (using network capability) and exploiting (using integrative capability) its social networks, contingent on its strategic orientation. We collected data from 300 Chinese manufacturers using questionnaire survey. The empirical results offer new insights such as (1) a firm’s effort on both exploring and exploiting social networks enhance its organizational agility; (2) when considering strategic contingencies, in learning oriented firms, only exploring activities using network capability enhance its agility; Oppositely, in market oriented firms, only exploiting activities using integrative capability enhance agility; (3) agility contributes to superior firm performance directly, and indirectly via transferring the effect of network and integrative capabilities to firm performance.

Keywords: Organizational Agility, Social Networks, Network Capability, Integrative Capability, Strategic Orientation

Track: Industrial Marketing
Drivers of Customer-Perceived Value for B2B Customer Solution Offerings and Their Contingency Effects

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Abstract

Faced with intense global competition, many suppliers in business markets are turning towards customer solutions in an attempt to better differentiate their offers. A considerable shortcoming of the presently published research on solutions lies in sole focus on aspects of managing the supply chain for solutions while neglecting the development of solution offers and the market development for solutions. This study uses a combination of qualitative and quantitative methods to (1) derive the drivers of the additional value provided by a solution from the customer’s perspective, (2) test how these value drivers impact overall solution evaluations, and (3) test for moderating effects of solution complexity and buyers’ functional background.

Keywords: B2B Marketing, Customer Solutions, Customer-Perceived Value

Track: B2B-Marketing
Implementing Customer Value Management in Business Markets: Unfolding Three Implementation Pathways and the Associated Barriers

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Abstract

Implementing customer value–based management strategies is considered a key priority for business market managers, but the extant literature has paid little attention to unfolding specific approaches that firms can adopt when aiming to implement customer value management. Drawing from a grounded theory study with 40 managers in ten B2B firms, this research explores different pathways that facilitate the implementation of customer value management. The findings from this study show how firms can implement customer value management by employing sales-, cross-functional collaboration-, or value specialist-driven approaches, and the associated barriers and challenges with each approach. In particular, the findings highlight the magnitude of change required to implement customer value management, and suggests intra-organizational practices that are needed to institutionalize customer value management into the firms’ business model.

Keywords: Customer value, customer value management, business market, grounded theory

Track: Industrial Marketing
Poverty Alleviation Whilst Making Profits: “Voices” from the Base of the Pyramid

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Abstract
Marketing has a critical role to play in society including poverty alleviation. Base of the Pyramid thesis (BoP) is a key framework from which we can examine this role. Governments, the private sector, NGOs and intellectuals have engaged in a robust debate on BoP. But a key voice has been missing from the debate, the voice of the “poor”. Specifically, how the poor perceive for profit companies engaging in poverty alleviation. This paper contributes to the knowledge base of the BoP practices by capturing the voices of men and women who live at the BoP via qualitative interviews. The findings reveal: 1) poverty alleviation and profit maximisation do not appear to be in conflict; 2) those participants who are aware of profit motivation appreciate the benefit to them, whilst others find it irrelevant; and 3) developing trust and a customer orientation are important in how businesses engage in the BoP.

Keywords: Base of the Pyramid, Voices of the poor, poverty alleviation, profitability, Microfinance
Track: Sustainable Marketing

1.0 Introduction

The shift in thinking relating to the role of businesses in alleviating poverty has gained impetus. Example include, the Australian foreign minister’s reframing of aid policy to include private sector involvement (Bishop, 2014) and the United National Development Program proactively calling for the involvement of businesses to help achieve the Millennium Development Goals (Ansari, Munir and Gregg 2012). In the marketing discipline, the notion that marketing has a critical role to play in the society including the alleviation of poverty has been facilitated by emerging research streams such as transformative consumer research (Mick 2006), consumer vulnerability (Baker et al., 2005) and the subsistence marketplace initiative (Viswanathan and Rosa, 2010). These research streams have been influenced by the Base of the Pyramid (BoP) thesis (Prahalad and Hart, 2002), which has a meso-level focus (between macro and micro) and links the strategy of a business to the alleviation of poverty (Viswanathan et al., 2012). However, the BoP has opened up a can of worms by suggesting that the counterintuitive idea that poverty alleviation and profit making are simultaneously possible. This raises fundamental questions relating to the purpose of a business (Prahalad and Hart, 2002), and other questions relating to the identity and ethics of business (Karnani, 2007; Arora and Romijn, 2011).

The basic thesis of the BoP is that there is a; 1) untapped market, the poor (4 billion) consumers living on less than 2US$ a day; 2) seemingly contradictory objectives (poverty and profit) can be realised due to the latent group purchasing power at the BoP; 3) businesses can alleviate poverty by marketing products and services and; 4) economic opportunities at the community level can be leveraged by business co-creating innovations with this poor community (Arora and Romijn, 2011). In recent years, scholars have shifted the debate from viewing the poor not only as consumers or producers but as partners involved integrally in the co-creation of products (London, 2009; Simanis and Hart, 2009; Karnani, 2007; Agnihotri, 2012). This is in response to the critics of the BoP who argued that businesses marketing
products to “vulnerable consumers” may just be substituting products that are locally available through local suppliers. This may then result in the birth of new vulnerabilities and may have an impact on social harmony (Khan et al., 2007).

Currently, the bulk of debate and regulatory change doesn’t come from the recipients of the BoP initiatives but rather is driven in a top-down manner by advocacy groups and public policy makers. However, achieving broader active support from recipients should be in the interests of government and nongovernment organizations and businesses seeking to strengthen regulative protection and to facilitate development. Startlingly there is a lack of academic research concerning the motivations of the for-profit and ethical nature of the BoP engagement. At present we can do little more than speculate on just what the recipients may think. In this paper we argue that this voice of the poor is critical in BoP literature. There are several reasons why this “voice” is critical. For instance, understanding this voice is at the core of the transformative consumer research agenda (Ozanne, 2013) or the movement that seeks to “encourage, support, and publicize research that benefits consumer welfare and quality of life for all beings affected by consumption across the world”, without an insight into how the recipients think about firms making money and alleviating poverty, “transformative” research within the BoP would be difficult.

The key argument of this paper is that the debates and discussion surrounding poverty and profit maximisation can be made more robust when all knowledgeable parties are involved – especially when those experiencing poverty are involved. This research aims to help fill the gap by examining perspective of recipients of the BoP initiatives, particularly recipients of microfinance from a for profit entity. This research attempts to understand from the voice of the “poor”, their opinions about firm motivations. In this paper, this voice is represented by 15 women, who were the recipients of microfinance and 6 men who were the male kin, from a microfinance institution (MFI) that had a profit as well as altruistic motivation.

2.0 Research Method

The consumers of microfinance loans were positioned as the experts and their experiences and perspectives were to guide the study in exploring the research questions. This meant that the research questions were to be explored inductively. Therefore, constructivist grounded theory was chosen as it “assumes the relativism of multiple social realities, recognises the mutual creation of knowledge by the viewer and the viewed, and aims towards interpretive understanding of subject’s meanings” (Charmaz, 2003, p. 250). The emphasis in this method is to represent as faithfully as possible the words and experiences of the study participants while being aware of the inherent power imbalance in the researcher/participant relationship (Allen, 2011). One of the core features of constructivist grounded theory is the constant comparison method which involves contemporaneously sampling, collecting and analysing data. This enables the researchers to indentify if concepts and themes are repeating with little new information gained from successive interviews indicating that ‘saturation’ has been reached (Morse, 1994, p. 30).

The field research was conducted in Andhra Pradesh, India over a period of 6 months. Considered the ‘motherland of Indian microfinance’ (Intellecap 2010, p. 2). The particular MFI was a commercial enterprise making it a suitable research organisation for the purpose of this study (simultaneously alleviating poverty whilst making profits). The typical loan amount varied between INR 2,000 – 12,000 to invest in simple micro-enterprises for example raising goats and buffalos to sell milk. Termed as income generation loans, they have a term of 50
weeks with principal and interest payments to be repaid on a weekly basis at an annual interest rate of 24.55%.

A purposive sample of 21 participants was chosen for this study which includes 15 female microfinance program consumer and 6 male kin of female microfinance program consumer. Most MFIs in India are gendered programs specifically targeting women. As such, a majority of the study participants are women. The study participants were selected based on the criteria i) should have spent more than 6 months as program consumer ii) should be knowledgeable about the microfinance program and iii) willing to articulate experience of being an microfinance program consumer. These specific criteria were selected so that the participants would have spent sufficient amount of time to reflect on change if at all, since participating in the microfinance program.

Data was analysed using Constructivist Grounded Theory Method (GTM), i.e., constant comparison of data and seeking theoretical saturation of categories (Hood 2007). In constant comparison the transcribed interview transcripts were read repeatedly to identify patterns of similar and distinct data and code and categorise them as they emerge from the data unlike in quantitative research where preconceived codes and categories are applied to the data (Charmaz, 2006). The active interpretive and reflexive role of the researcher was a key part of the data analysis as knowledge was co-constructed by the researcher and the participant.

3.0 Findings

The “voices” of poor highlighted three broad themes that provide insights into the research question, how the poor perceive for profit companies engaging in poverty alleviation? Firstly, “ambidextrous motivations”, reflects the opinion of the respondents on the motivations for the MFI to provide them with micro-finance.  Secondly participant (lack of) awareness of MFI’s profitability objectives. Thirdly, whether the identity or the image of the company has a role to play in how the participants perceived the MFI’s intentions.

Ambidextrous motivations

Four sub-themes were identified from the participant responses relating to the motivations for the company to engage with the poor; a) help; b) provide opportunity; c) obtain blessings from god and; d) profit motivations. The overwhelming reason that the participants gave for why the company engaged in microfinance was to help them. This they did by comparing the MFI with other entities such as the government and banks. For instance one participant responded to a question on the purpose of MFI as;

“they(the MFI) wanted to see the welfare of the people. They wanted to help the people. As government does not understand these things, they wanted to help us”.

Similarly, another participant noted

“To help the poor .....will a bank officer be willing to lend Rs. 10,000 to someone who does not have capacity to repay? Or at least Rs 2,000? No. But our sangam (groups set up by the MFI), they motivate people to start any small enterprise, like rearing a few hens. They provide Rs. 2,000 and say that we can just pay back Rs. 1,000 and make a profit of Rs. 1,000.
Will a bank officer ever do this? If you don’t make monthly payments they charge us fees. So do you think they are helping us? Or is poverty being addressed?”

The second motivation related to opportunity creation. The following quotes highlight this point “want us to live a better life.” and “we are getting money and it is a good for us as it has created an opportunity for everyone” and “when they provide us with loans we are able to work and earn enough for our daily food. Due to lack of credit some people have gone to the informal money lenders”. The notion of opportunity creation is important in contemporary poverty alleviation strategies (Sen, 1999; Ansari et al., 2012; Voola and Voola, 2012). This suggests that firms engaging with the BoP should be proactively thinking about how their initiatives can provide opportunities in the sense of providing capabilities and freedoms.

The third motivation related to obtaining blessings from god. In other words, the participants perceived that the MFI was engaging with them to please god. This is an important cultural aspect that companies engaging with BoP markets should be aware of.

The fourth motivation related to profitability for the firm. The following quotes suggest that the poor understand the need for profits “they get interest. They will be benefitted and it will be an income generating programme for us so it is good for both of us” and “it is a gain for us. They also will have some benefit. When you are giving us 10 rupees, and we are making that into 20 rupees. We are giving 5 rupees interest”. However, there was also an understanding that it is not possible for the company to help them if they did not generate money. The following quote encapsulates this sentiment.

In the context of benefits for the company, if they want to give money to sangams (groups), they need to get it from somewhere. They also need to pay salaries right? So if we make 25 paisa (cents), then they make 50 paisa (cents). Their workers start at 5 in the morning, they have to pay for petrol, for their service, their food.....there are so many employees, they all have to eat. Where will the money come from for that? Therefore, only if they can make a profit from this work, can they manage all these expenses”.

Awareness

An interesting finding from the interviews was the issue of whether they were aware that the company is making profit whilst lending to them. Some participants did not know that the company is making profits. Typical replies included “How do we know?” and “How will we know about them?” However, an argument can be made from their responses that it was not very important to them whether the MFI was making profit or not as long as the participants were being helped. For example, one participant said “We don’t know why they are giving us loans. But we are taking the loan” and “what do we know about benefit for them? How will we know? We don’t know from where they got the money. We only see them giving us the money”. These insights provide an interesting dilemma for firms in the BoP. Should they proactively let the recipients know about their profit motivations for the sake of transparency and honesty?, or is it not necessary as they are ultimately helping the poor? This raises important questions as not disclosing their intentions may increase consumer vulnerability or “the state of powerlessness that arises from an imbalance in marketplace interactions? (Baker et al., 2005).
Several characteristics of the company were highlighted as important in the participants’ beliefs of why they were providing microfinance. This particular MFI has had a long history of working in the specific village. For example, as one participant states “Even though many microfinance companies have come, this MFI has been in this area for 13-14 years. We have engaged with it for 10 years. In our village it has got a good name. Even if all the other companies go away we want this one company to continue in the future”. This suggests that companies “need to prove” themselves in terms of their intentions for a while before the participants can trust them. Another critical characteristic is the empathy and customer orientation that the company showed towards the participants and the impact it had on the trust of the participants. For example, as one participant states “during the loan period if something happens to the husband or wife they will not trouble us. Recently my sister-in-law’s husband died and they returned the whole amount. We can believe them.” This suggests that for companies engaging in these markets it is important to be empathetic and genuinely customer oriented by being flexible in the process of lending and collecting the loans. In this particular case, as suggested before, the participants engaged in an extensive comparison with other modes of lenders (i.e., banks, government MFI’s and money lenders). The key issues were the ability of the particular MFI to be flexible and empathetic as opposed to other modes. One participant stated: “A bank is not bothered if you are dead or alive, if you owe 8,000 this month and have not repaid, next month you will be charged interest for both months. There is nothing of that sort here. Bank is not providing any such insurance, but here insurance is compulsory”. In relations to money lenders one participant stated “Earlier we would get loans from moneylenders on high interest. This company was not charging as much and this was useful for us.

4.0 Conclusions

The key argument of this paper is that the debates and discussion surrounding poverty and profit maximisation can be made more robust when all knowledgeable parties are involved – especially those experiencing poverty. To this end, the key research question was; how the poor perceive for profit companies engaging in poverty alleviation? This question is at the core of the BoP debate. By engaging with this voice, this paper advances transformative consumer research agenda. Governments, the private sector, the NGOs as well as intellectuals have engaged in a robust debate. However, the “voices” of the people at the BoP have not been heard as strongly as they could be. To this end, we interviewed 21 recipients and male kin about their understanding of the intentions of the MFI.

Key themes highlighted were 1) ambidextrous motivations (wanting to help, profit motivations, provide opportunities and blessings from God); 2) Awareness (whether they were aware about the profit motivations and whether that mattered) and; 3) Image (several characteristics of the company influenced their perceptions of the motivations). The majority of the respondents thought that the MFI was engaging with them in order to help them or provide opportunities for them. It is interesting to note that there was no evidence to suggest that the participants thought that they were being exploited. However, this maybe because some of them did not know whether the MFI was making profits and it is reasonable to conclude that some did not care, as long as they were getting the help. However, this raises interesting dilemmas in relation to consumer vulnerability. Furthermore, the participants’ judgement on the motivations was influenced by the particular MFI’s history and their philosophy relating to customer orientation. This suggests that for businesses planning to engage with the BoP, building a trusting relationship with the particular recipients and being flexible with them is important.

The responses from poor recipients of microfinance suggest that the goals of poverty alleviation and profit maximisation are not in conflict as described in the BoP debates. The
respondents make clear that provision of microfinance loans/programs, has addressed extreme poverty condition especially when there were no alternatives. The voice of the poor is important to give critical traction to debates surrounding their well being, as demonstrated by this paper.

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You Reap What You Sow: Linking Stakeholders’ Influence, Social Responsibility and Financial Performance

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Abstract
This paper empirically investigates the influence of stakeholders on socially responsible practices leading to financial performance of SMEs in an advanced transitional economy, Malaysia. Since there is limited research addressing the above issue in the extant literature, this paper strives to fill this research gap. Data for the study was collected from a random sample of 156 owners/ managers of SMEs. Structural equation modelling (SEM) was used as the statistical technique to facilitate the analysis of the data. The results show a good model fit and confirms the significant positive impacts of stakeholder-oriented perspective on SMEs’ action on the demand for socially responsible behaviour, which translates into their financial outcomes. These findings have important implications for policy formulation and implementation concerning societal expectations on SMEs’ involvement in social arena that filter the potential of their economic success. These implications are highlighted in the paper.

Keywords: social responsibility, stakeholders’ influence, financial performance
Track: Sustainable Marketing

1.0 Background
Small and medium-sized enterprises (SMEs) are coming under increasing pressure to behave in a socially responsible manner despite their considerable contributions to economic growth. This pressure is resulting from the fact that SMEs are responsible for 60 percent of carbon emission globally (Parker, Redmond, & Simpson, 2009). SMEs are responding to this pressure by increasingly emphasising their social and environmental impacts on their business operations in recent years (Fuller, 2003; UNIDO, 2002). Research shows that the motivations for engaging in social and environmental initiatives differ significantly among different firms (Brønn & Vidaver-Cohen, 2009; Egels-Zandén, 2009). According to Fuller and Lewis (2002), relationships with stakeholders mean everything to SMEs. Thus, a question may arise as to how stakeholder influence can foster socially and environmentally responsible practices of SMEs. Despite few attempts (e.g., Gadenne, Kennedy, & McKeiver, 2009; Gerrans & Hutchinson, 2000), the potential role of stakeholders on social and environmental responsibility of SMEs has been neglected in the literature. It is strongly argued that long-term profitability is a key goal of CSR practices (Juholin, 2004). When the link between responsible business behaviour and performance is not clearly delineated, it would be not be legitimate to expect companies, especially SMEs, to engage in socially responsible practices. Hence, SMEs need more convincing business cases in order to ensure that improved social responsibility leads to improved performance of their firms (Revell & Blackburn, 2007; Roberts, Lawson, & Nicholls, 2006). To this end the current study aims to investigate the role of stakeholders’ influence on social responsibility practices of SMEs and examine its subsequent outcomes of financial performance of the firm in the context of an advanced developing country such as Malaysia.
2.0 Research Model and Hypotheses Development

Stakeholder theory posits that all stakeholders have an intrinsic worth that should be considered during managerial decision making. Therefore, it provides a basis for understanding why organizations practice social and environmental responsibility as a result of stakeholders’ pressure. Given the growing social and environmental problems and increased awareness of stakeholders about their rights, it is expected that key stakeholders for SMEs would be concerned about the social and environmental behaviour of firms, hence influencing the firms to engage in socially responsible practices. Since SMEs highly rely on stakeholders to earn their legitimacy, to obtain the license to operate, and to ensure their survival, this research hypothesizes that:

**H1:** Stakeholders’ influence positively impact SMEs’ responsible business behaviours.

SMEs operate in a smaller community and as such their activities and decisions can have high impact on local community and be easily identified and tracked by the community within which they operate. Hence, SMEs which practice responsible business behaviours, depending on their impact on, and communication with stakeholders, might be able to gain trust within the local community and develop a better relationship with their primary stakeholders resulting in improved financial performance. Stakeholder theory considers the possible profit potentials of social commitments in the long run, in terms of increased market share, and positive customer ratings and loyalty (Quazi, 2003). Although contradictory findings have been reported in the relationship between CSR and organizational performance, previous studies mostly indicate a significant direct relationship (e.g., Bragdon & Karash, 2002; Christmann, 2000; Epstein & Schnietz, 2002; Graves & Waddock, 2000). Nonetheless, most of the previous studies focus on large companies and ignore this relationship among smaller firms. Overall, it is conjectured that a higher level of responsible business behaviours of SMEs would lead to their improved financial performance. The following hypothesis would therefore be worth testing:

**H2:** A higher level of responsible business behaviours leads to improved financial performance of SMEs.

Figure 1 depicts the research model tested in the current study.

**Figure 1: Research model**
3.0 Methodology

3.1 Measures and samples

The data for this study was collected using structured surveys. The survey items were selected from validated instruments from the literature. The items were measured using a 5-point Likert scale. Stakeholders’ Influence was measured using the scale adapted from Gadenne et al. (2009) and social responsibility practices were evaluated using items adapted from Turker (2009). Lastly, items for performance were adapted from Ahmad and Seet (2009). A total of 500 SMEs were randomly selected from the online SME Business Directory of SMEinfo for this study, out of which 156 participated in the survey, providing a response rate of 31%. In order to avoid social acceptability bias (Armacost, Hosseini, Morris, & Rehbein, 1991; R. J. Fisher, 1993), efforts were made to assure respondents that their responses would be treated anonymously and the collected data would be used solely for academic purposes.

3.2 Analysis technique

Data were analysed using Structural Equation Modelling (SEM) technique. SEM was selected for analysis of the collected data, since “it enables researchers to answer interrelated research questions in a single, systematic, and comprehensive analysis by modelling the relationships among multiple independent and dependent constructs simultaneously” (Gefen, Straub, & Boudreau, 2000, pp. 3-4). To validate the measurement model, we used confirmatory factor analysis using AMOS software. Confirmatory factor analysis (CFA) resulted in dropping a total of 7 items due to their low loadings under the respective factor. All the remaining items strongly loaded (>= 0.7) on their corresponding factors. Following the guidelines of Chiu and Wang (2008), we assessed the quality of measurement through convergent validity, discriminant validity, and reliability. The t-values associated with each standardized loadings were significant ($p < 0.01$) for all items under their respective constructs. Additionally, the composite reliability for all constructs was higher than the recommended value of 0.6 (Bagozzi & Yi, 1988; López, Peón, & Ordás, 2004), and the average variance extracted (AVE) for each construct exceeded the accepted threshold of 0.5 (Hair, Anderson, Tatham, & Black, 1998). Thus, convergent validity for all of the constructs was confirmed (See Tables 1). Moreover, reliability of constructs was confirmed as the Cronbach alpha coefficient for all of them were higher than 0.7.

Table 1: Evaluation of convergent validity and reliability

<table>
<thead>
<tr>
<th>Items</th>
<th>Loading</th>
<th>Composite Reliability</th>
<th>AVE</th>
<th>Cronbach α</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employees’ Influence (EMI)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMI1</td>
<td>0.710</td>
<td>0.830</td>
<td>0.714</td>
<td>0.809</td>
</tr>
<tr>
<td>EMI2</td>
<td>0.961</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Customers’ Influence (CSI)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSI1</td>
<td>0.888</td>
<td>0.942</td>
<td>0.803</td>
<td>0.943</td>
</tr>
<tr>
<td>CSI2</td>
<td>0.882</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSI3</td>
<td>0.929</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSI4</td>
<td>0.884</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Community’s Influence (CMI)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CMI1</td>
<td>0.827</td>
<td>0.884</td>
<td>0.792</td>
<td>0.878</td>
</tr>
<tr>
<td>CMI2</td>
<td>0.949</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Suppliers’ Influence (SPI)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SPI1</td>
<td>0.859</td>
<td>0.929</td>
<td>0.766</td>
<td>0.932</td>
</tr>
</tbody>
</table>
SPI2 0.891
SPI3 0.863
SPI4 0.888
**Responsibility toward Environment (ENV)**
ENV1 0.870 0.814 0.687 0.813
ENV2 0.786
**Responsibility toward Employees (EMP)**
EMP1 0.798 0.903 0.608 0.894
EMP2 0.755
EMP3 0.717
EMP4 0.813
EMP5 0.806
EMP6 0.784
**Responsibility toward Customers (CUS)**
CUS1 0.775 0.776 0.537 0.782
CUS2 0.754
CUS3 0.665
**Financial Performance (FIN)**
FIN1 0.829 0.928 0.811 0.924
FIN2 0.963
FIN3 0.905

Besides, based on the recommendations of Chiu and Wang (2008) and Ramayah, Lee, and Mohamad (2010), the discriminant validity for this study is established since the diagonal elements (square root of the variance extracted) are greater than the off-diagonal elements (correlations among the constructs) of the postulated scales (see Tables 2). Hence, the measurement model has been successfully approved. We then examined the structural model. The fit indices for the structural model ($\chi^2$/df = 2.5, CFI = 0.9, PNFI = 0.6, RMSEA = 0.9, PCFI = 0.7) were within the recommended range, suggested by B. M. Byrne (1998), B. M. Byrne (2001), and Eskildsen, Kristensen, and Juhl (2001); thus, confirming that the data fits the model well.

### Table 2: Evaluation of discriminant validity

<table>
<thead>
<tr>
<th>Consumer Social Responsibility</th>
<th>Mean (Std.)</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Employees’ Influence</td>
<td>3.535 (0.633)</td>
<td>0.845</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2) Customers’ Influence</td>
<td>3.433 (0.847)</td>
<td>0.512</td>
<td>0.896</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3) Community’s Influence</td>
<td>3.755 (0.763)</td>
<td>0.473</td>
<td>0.61</td>
<td>0.89</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4) Suppliers’ Influence</td>
<td>3.286 (0.771)</td>
<td>0.432</td>
<td>0.678</td>
<td>0.594</td>
<td>0.875</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5) Responsibility toward Environment</td>
<td>3.944 (0.701)</td>
<td>0.450</td>
<td>0.610</td>
<td>0.516</td>
<td>0.425</td>
<td>0.829</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6) Responsibility toward</td>
<td>4.119 (0.701)</td>
<td>0.435</td>
<td>0.302</td>
<td>0.503</td>
<td>0.358</td>
<td>0.595</td>
<td>0.78</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Employees

<table>
<thead>
<tr>
<th>7) Responsibility toward Customers</th>
<th>4.297 (0.532)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.351 0.093 0.193 0.160 0.457 0.726 <strong>0.733</strong></td>
</tr>
<tr>
<td>8) Financial Performance</td>
<td>3.989 (0.723)</td>
</tr>
<tr>
<td></td>
<td>0.329 0.095 0.293 0.090 0.417 0.448 0.346 <strong>0.901</strong></td>
</tr>
</tbody>
</table>

#### 4.0 Results and Discussion

Findings of this study showed the stakeholders’ influence on responsible business practices by SMEs. Specifically, we found that community’s influence significantly encourages responsible practices by SMEs towards employees and environment. Moreover, employees have also been found to have significant impact on their own firms through positively influencing firm’s social practices towards customers. Results of this empirical investigation suggest that socially responsible practices pay off for SMEs in terms of their financial success. Furthermore, responsible behaviours towards employees and environment are found to be instrumental in yielding positive outcomes in terms of financial performance. These results provide encouraging practical evidences for small firms that socially responsible practices eventually pay off financially. Figure 2 depicts the research model by showing the significant paths observed from the findings. Overall, stakeholders’ influence could explain 41% of variation in responsibility towards environment, 30% for responsibility towards customers, and 43% for responsibility towards environment. Moreover, responsible business practices of SMEs were found to explain 22% of variation in the financial performance of small firms.

These findings demonstrate that employees and community are the key stakeholders for SMEs in Malaysia having the most significant impact on responsible practices of SMEs. Employees also constitute a major stakeholder group for CSR and community involvement initiatives (Zappalà & Cronin, 2002). Employees are the major group that span the boundaries between the firm and its external stakeholders. Research also indicates that SMEs have closer relations with local community than large corporations (K. Fisher, Geenen, Jurcevic, McClintock, & Davis, 2009; Mankelow & Quazi, 2007, 2009; Perrini, 2006).

Community is among the most important stakeholder groups for SMEs and small firms who heavily rely on community relations to survive (Russo & Tencati, 2009). SMEs operate within a known and closely knit community; hence their decisions/actions are easily visible to the community members that could have significant impact on the community development. Therefore, community members would require attention by SMEs to the environment they live in. Discharging their responsibility towards their employees is also crucial as most employees may be from the same community and as such employees constitute important stakeholders. Overall, the findings of this study also support the notion by Figar and Figar (2011) who highlight that the stakeholder system goes beyond bivalent relations, and is more characteristic of multivalent relations.

Figure 2: Significant research paths
The findings of this study are supported by earlier studies suggesting that social responsibility can lead to improved financial performance for the firm through reducing staff turnover and enhancing their commitment to the firm (Aguilera, Rupp, Williams, & Ganapathi, 2007; Galbreath, 2010; Porter & Kramer, 2006). Moreover, environmentally responsible firm can enhance their image in the society and ensure expanding their market share, resulting in improved financial performance for the company.

5.0 Conclusion

This research points to an important emerging reality surrounding SMEs in a rapidly growing transitional economy such as Malaysia. The findings suggest that stakeholders are increasingly becoming powerful in terms of their strong influence on businesses that closely operate within the community. Because of their frequent direct interactions with the community as well as their dependence on the support of the community for their survival, SMEs’ response to the call for greater commitment to social causes makes sense both practically and theoretically. It is also in the greater interests of SMEs to respond to the societal demands to avoid further regulation on their business operations as increased regulation implies increased costs for SMEs. Since cost is the key threat to the survival of SMEs in an increasingly competitive economy such as Malaysia, responsible proactive social actions involving employee welfare initiatives would position SMEs favourably in the eyes of the community because many of the employees are from the immediate community whose support for the legitimacy of SMEs is also crucial. This is why employees are so paramount in their commitment and practices. Furthermore, SMEs role in the environmental pollution can also be attributed to their self-realisation to fix the problems that have been created out of their own actions. Finally, the findings would be useful for public policy makers, legislators and the government to design policies and programs for the continuous growth and developments of SMEs making substantial contributions to sustained economic growth in terms of income and employment generation of the members of the community especially in Malaysia where SMEs consider the costs of social involvement as a future investment towards gaining greater social support and approval towards contributing to the sustainable development of the economy.

References


The attitude-behaviour gap: The development of a Consumers’ Green Perceptions scale

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Abstract
Why do consumers who profess to be concerned about the environment choose not to buy greener products more regularly or even at all? As mounting interest in pro-environmental behaviour grows, the green-attitude behaviour gap has heightened the need for alternative frameworks to explain this attitude-behaviour discrepancy. Based on the findings from qualitative and quantities studies, this study identifies a five-factor consumers’ green perceptions (CGP) scale that consists of “product performance”, “hard to be green”, “green stigma”, “green – do I feel responsible”, and “readiness to be green”. The steps that were taken to develop the scale are discussed, followed by a brief discussion on the application of the proposed scale.

Key words: green consumption, green perceptions, attitude-behaviour gap
Track: Sustainable Marketing

Introduction
Despite consumers’ growing environmental consciousness and positive attitudes about the environment (e.g. Eurobarometer, 2011), several studies have revealed an inconsistency between green attitudes and behaviour (e.g. Chatzidakis, Hibbert, Mittusis, & Smith, 2004; Pickett-Baker & Ozaki, 2008). As Carrington et al. (2010) note, it is apparent that many consumers do not always “walk their talk”. Whilst numerous theoretical frameworks have been developed to explain this attitude-behaviour discrepancy, no definitive explanation has yet been found (Kollmuss & Agyeman, 2002). The gap between consumers’ positive attitudes towards green issues and their inconsistent and often conflicting consumption behaviour remains a concern with potentially serious policy and environmental implications (Moraes, Carrigan, & Szmigin, 2012). Although past research reveals that factors such as price, perceived performance, and trust are some of the reasons why consumers choose not to buy greener products (e.g. Gleim, Smith, Andrews, & Cronin, 2013; Gupta & Ogden, 2009; Pickett-Baker & Ozaki, 2008), we still have a limited understanding of the gap between consumers’ green rhetoric and purchasing behaviour. Why do consumers who profess to be concerned about the environment choose not to buy greener products regularly or at all? We propose that understanding consumers’ green perceptions would provide further insights into the green attitude-behaviour gap. Our paper begins with a brief overview of the green attitude-behaviour literature. We then discuss the qualitative and quantitative methods that were used to develop a Consumers’ Green Perceptions (CGP) scale.

The Green Attitude-Behaviour Gap
The relationship between green attitudes and behaviour has been a contentious one. In a recent global survey, 53 percent of the total respondents (total n=15,933) cited “green/environmentally” to be an important consideration when purchasing a product or service (Euromonitor International, 2012). With such high levels of environmental concern, one would expect environmentally-friendly products to be in demand. But they are not. That is, consumers’ positive attitudes about the environment do not necessarily translate into actual purchase behaviour (e.g. Carrigan & Atalla, 2001; Gupta & Ogden, 2009; Pickett-Baker & Ozaki, 2008). This phenomenon is generally known as the “attitude-behaviour gap”.

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Given the documented weak linkages between attitudes and behaviour in the ethical consumption, environmental and social marketing literature (e.g. Bray, Johns, & Kilburn, 2011; Moraes, et al., 2012; Pickett-Baker & Ozaki, 2008), the discrepancy between pro-environmental attitudes and actual purchase behaviour is not surprising. Perhaps this is because consumers are not as ethically minded as we would like to believe. As Carrigan and Attalla’s (2001) study revealed, ethical considerations are not necessarily factored into purchase decisions. Conversely, other researchers, such as Auger and Devinney (2007), suggest that traditional survey methods used in ethical consumption studies have overstated the importance of ethical issues and its influence on purchase intention. Likewise, consumers may have over reported their attitudinal preferences and purchase intentions towards socially responsible behaviour when responding to environmental issues (McDougall, 1993 as cited in Chan, 2001). This is because social desirability bias to some degree can distort the findings.

In view of this, there is much complexity surrounding green consumption behaviour. As Kollmuss and Agyeman (2002, p.239) state, pro-environmental behaviour is such a complex issue, one cannot expect to explore it using one single framework. Thus, we propose that exploring consumers’ perceptions towards green consumption practices, green products, green consumers, and green communications may offer new insights into the green attitude-behaviour gap. This is because at the heart of consumer perceptions are perceptual interpretations and perceptual judgments; and this is what shapes consumers’ attitudes and behaviours.

A number of studies have looked at perceptions and its influence on consumer behaviour, from price perceptions (e.g. Lowe & Alpert, 2010); to quality perceptions (e.g. Bridges, 1993); to risk perceptions (e.g. Eggert, 2006); to consumers’ perceptions of sales promotions (e.g. Lowe & Barnes, 2012), and so on. Within green marketing, perceptions of trust, perceived risk, perceived performance, perceived price, perceived quality, and pro-social status perceptions have also been explored (e.g. Chen & Chang, 2013; Zabkar & Hosta, 2013) to understand green consumption behaviour. However, these views appear to be too narrow to capture the richness of consumers’ green perceptions. Building on findings from our earlier focus group study (Johnstone & Tan, 2014), we suggest that even though consumers may have pro-environmental attitudes, their green perceptions may influence their green consumption behaviour. Thus, the purpose of this paper is to introduce the CGP scale which has been conceptualised as a scale that takes into consideration consumers’ current perceptions of green products, green consumers, green consumption practices, and green marketing communications.

**Method and Analysis**

Using Churchill’s (2014) accepted paradigm for scale development, we began with a qualitative inquiry to gain a greater understanding of the green attitude-behaviour gap phenomenon. A total of 51 people, aged between 19 and 70 years, participated in seven focus groups. The advantage of using focus groups is its ability to explore complex behaviours and motivations due to its explicit use of group interactions (Carson, Gilmore, Perry, & Gronhaug, 2001). To ensure that the findings were credible and trustworthy (Patton, 2002), rigorous steps were taken to verify that there was consistency across the focus groups, and two coders were used to ensure the findings and conclusions were reasonable and logical. Based on the findings from this study (Johnstone & Tan), a survey was developed and launched in Australia and New Zealand to test the themes that were identified in the focus groups, and to develop a Consumers’ Green Perceptions (CGP) scale. When developing the survey, all the items were reviewed and pre-tested on academic staff and other consumers to ensure face
validity and content validity of the scale. Using an online consumer panel, 4,650 respondents were invited in Australia, 746 responded (16% response rate), 568 completed the surveys, and 510 were useable responses. In New Zealand, 7,498 respondents were invited, 583 responded (8% response rate), 320 completed the surveys, and 304 were used for analysis. The respondents’ profiles are presented in Appendix 1. The 27 items were compiled based on the findings from our qualitative study and with consultation to related literature (See Table 1). Participants rated the extent to which they agree with each of the 27 perception responses. Responses were on a 5-point Likert scale, ranging from 1 = “Strongly disagree” to 5 = “Strongly agree”. An exception to this was the “hard to be green” dimension. Responses to five items were measured on a 5-point bipolar scale from very little to a lot.

Results & Discussion
Using SPSS 21, an exploratory factor analysis (EFA) was conducted to investigate the underlying structure of the set of 27 items. As the dataset comprises responses from New Zealand and Australian consumers, the survey responses may differ in nature and thus result in divergent factors. Therefore, the dataset was split and separate EFAs for New Zealand and Australian subsamples were undertaken. Assumptions for EFA were examined and appropriateness of EFA was confirmed. All items for Australia and 26 of the 27 items for New Zealand correlated at least .3 with at least one other item. KMO measure of sampling adequacy was excellent with .91 for Australian and .81 for New Zealand, and Bartlett’s test of sphericity was significant ($\chi^2(351)=5809.32, p<.01$ for Australia; $\chi^2(351)=251547, p<.01$ for New Zealand). The communalities were all above .3, further confirming that each item shared some common variance with other items. Given these indicators, EFA was conducted with all 27 items.

Principle components analysis (PCA) was used to identify the factors underlying CGP. Analysis of Australian data showed that five factors had eigen values well above one (Kaiser, 1960), explaining 57.34% of the variance. However, analysis of the New Zealand data showed that seven factors had eigen values of over one, of which two factors had eigen values of just over one, each factor explaining 4%. After examining five, six and seven factor solutions, the five factor solution, which explained 50.79% of the variance, was preferred due to previous theoretical support, the ‘leveling off’ of eigen values on the scree plot (Hair, et al., 2006) after five factors, and the insufficient number of primary loadings and difficulty of interpreting the sixth and seventh factors. There was little difference between the varimax and oblimin solutions for both datasets, thus the varimax rotation for the final solution is reported. The five factors were labelled “product performance”, “hard to be green”, “green stigma”, “green – do I feel responsible”, and “readiness to be green”. A total of nine items (shaded in Table 1) were systematically eliminated because they did not contribute to a simple factor structure and failed to meet a minimum criteria of having primary factor loading of .6 or above. A number of items were related to the price aspect of green consumption, and accordingly showed high cross loadings. This facet was captured in “readiness to be green” and the item “insufficient income” had performed well in the analysis of both datasets. A PCA analysis of the remaining 18 items was conducted on Australian and New Zealand data, with the five factors explaining 66.20% and 61.23% of variance respectively. It is “not uncommon to consider a solution that accounts for 60 percent of the total variance (and in some instances even less) as satisfactory in the social sciences” (Hair, et al., 2006, p. 120). All items had loadings over .6 for both datasets and only one item had a cross-loading above .4 (“too many other responsibilities”) for the New Zealand dataset, however this item had a strong primary loading of .7. There are consistent item and factor loadings for all constructs for the Australian and New Zealand datasets. The final solution is presented in Table 1.
final factors displayed good internal consistency with Cronbach’s alpha greater than .7, except a moderate alpha of .68 for “green stigma” (3 items) based on New Zealand data (Hair, Black, Babin, & Andersen, 2010). Each factor contains a minimum of three items.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Item</th>
<th>NZ α (N=304)</th>
<th>NZ Loading (N=304)</th>
<th>AU α (N=510)</th>
<th>AU Loading (N=510)</th>
</tr>
</thead>
<tbody>
<tr>
<td>P_Perception</td>
<td>Performs better</td>
<td>0.737</td>
<td>0.773</td>
<td>0.715</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Better for environment</td>
<td>0.730</td>
<td>0.771</td>
<td>0.718</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Less harmful packaging</td>
<td>0.692</td>
<td>0.689</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>More trustworthy</td>
<td>0.795</td>
<td>0.816</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hard</td>
<td>Requires very little effort</td>
<td>0.73</td>
<td>0.828</td>
<td>0.860</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Requires very little time</td>
<td>0.803</td>
<td>0.832</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Involves very little sacrifice</td>
<td>0.657</td>
<td>0.611</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stigma</td>
<td>Green consumers think they are better than others</td>
<td>0.68</td>
<td>0.649</td>
<td>0.603</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Green consumers make others feel guilty</td>
<td>0.803</td>
<td>0.815</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Involves very little sacrifice</td>
<td>0.657</td>
<td>0.611</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feel</td>
<td>Environmental issues need immediate attention (R)</td>
<td>0.75</td>
<td>0.679</td>
<td>0.628</td>
<td></td>
</tr>
<tr>
<td></td>
<td>I do not need to do anything because the environment is not a major concern (R)</td>
<td>0.733</td>
<td>0.743</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I do not feel responsible (R)</td>
<td>0.754</td>
<td>0.771</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Readiness</td>
<td>Insufficient knowledge about environmental issues (R)</td>
<td>0.78</td>
<td>0.765</td>
<td>0.743</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Insufficient time (R)</td>
<td>0.782</td>
<td>0.746</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Too many other responsibilities (R)</td>
<td>0.759</td>
<td>0.701</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Insufficient income (R)</td>
<td>0.669</td>
<td>0.731</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Variance Explained</td>
<td></td>
<td>65.23%</td>
<td>66.20%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(R): Item reverse coded.

Overall, EFA analysis across both Australia and New Zealand datasets indicated that five distinct factors were underlying CGP and these factors were internally consistent. The discussion of each factor is presented below.

**Product performance (P_PERCEPTION)**

This construct measures consumers’ perceptions of products that are promoted as environmentally-friendly (EF). The qualitative inquiry revealed that some consumers did not perceive a significant difference between products that are promoted as green and those that are not. The items used to measure this construct were adapted from Chang’s study (2011) and modified based on the indications from our qualitative results. Four items were retained to reflect consumers’ perceptions of green product performance.

**Hard to be green (HARD)**

Essentially, one of the strongest themes to emerge from the qualitative study is the perception that it is too hard to be green, which can ultimately lead to inaction. Within the context of purchasing EF household products, we developed five items to measure whether consumers perceive it to be hard to be environmentally-friendly. Three items were kept in the final scale to capture the aspects of effort, time, and sacrifice required to be green.

**Green stigma (STIGMA)**
The items for “green stigma” were generated from our focus group findings. Green messages and consumers were not always perceived in a favourable light, which inevitably shaped how some consumers viewed green consumption behaviour. This unfavourable perception is important to acknowledge because individuals purposely strive to maintain a positive social identity (Tajfel & Turner, 1986). We developed six items to measure whether consumers think there is a stigma attached to being environmentally-friendly. EFA results indicated that three items were to be retained.

Green – Do I feel responsible? (FEEL)
The items for this construct “FEEL” were adapted from Bohlen et al.’s (1993) study. This measured consumers’ perceptions of responsibility with regards to the environment. This highlights one of the problems marketers encounter. Green marketers are continually faced with the task of convincing consumers to sacrifice favoured behaviours for the greater good of the community, or a common goal. But if consumers do not believe they are responsible for the environment, behavioural change is less likely to occur. Four items were confirmed to reflect the “do I feel responsible” dimension.

Readiness to be green (READINESS)
Interestingly, some of the participants in the focus groups were not convinced that they could “be really environmentally-friendly”. As a result, they believed being green was something they could only commit to once they were “truly” ready to be green, that is, when they had the ability to be green. Within the context of purchasing EF household products, this dimension measured consumers’ perceptions of how ready consumers think they are to be environmentally-friendly. The findings from the focus groups generated five items, four of which were retained based on the EFA results.

Conclusions
The intriguing phenomenon of “Why do consumers who profess to be concerned about the environment choose not to buy greener products at all or more regularly?” have heightened the need for alternative frameworks to explain this green attitude-behaviour discrepancy. Based on the initial findings from our exploratory study, we propose that the CGP construct is a multi-facet concept, which can make a contribution to green decision-making research. Our EFA results revealed a set of five factors that capture the underlying dimensions of Consumers’ Green Perceptions, i.e., “product performance”, “hard to be green”, “green stigma”, “green - do I feel responsible?”, and “readiness to be green”. As Kollmuss and Agyeman (2002, p.239) state, pro-environmental behaviour is such a complex issue, one cannot expect to explore it using one single framework. Thus, we propose that a CGP scale would be an important addition to behavioural models such as the Theory of Planned Behaviour (TPB) because it would increase our understanding of consumers’ purchase intentions and behaviours. For example, other studies have added constructs to improve TPB’s explanatory power within an ethical obligation context (e.g. Shaw & Shiu, 2002), a self-identity and green consumerism context (e.g. Sparks & Shepherd, 1992), and a consumer dishonesty context (e.g. Beck & Ajzen, 1991). This newly-developed construct should be investigated further to examine the effect it may have when it is incorporated into attitude-behaviour models. However, future research is required to validate this scale in different product categories and industries because household products provided the research context for this study.
References


### Appendix 1: Respondents’ Profiles

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<thead>
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<th></th>
<th>Australia (N=10)</th>
<th>New Zealand (N=104)</th>
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<tbody>
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<tr>
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<td></td>
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<tr>
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<td>Living with friends or flatmates or tenants or boarders, no children</td>
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<td>10.5</td>
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<tr>
<td>Couple, no children</td>
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</table>
How do Consumers Perceive Green Products, Messages and Consumption Behaviour?

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Abstract
This study proposes that exploring consumers’ perceptions towards green consumption practices, green products, green consumers, and green communications may offer new insights into the green attitude-behaviour gap because at the heart of consumer perceptions are perceptual interpretations and perceptual judgements; and this is what shapes consumers’ attitudes and behaviours. A total of 510 survey responses were collected in Australia in September 2013 using online consumer panel. A green perception scale was developed based on the findings from an earlier qualitative study and literature review. The five dimensions include “product performance”, “hard to be green”, “green stigma”, “green – do I feel responsible?” and “readiness to be green”.

Keywords: green perceptions, green consumption, environmentally-friendly
Track: Sustainable Marketing

The Roles of Consumers’ Green Perceptions
Despite consumers’ growing environmental consciousness and positive attitudes about the environment (e.g. CEAP, 2007; Eurobarometer, 2011), the adoption rate of green products in recent times has been falling (Clifford & Martin, 2011). As past research reveals, factors such as price, performance risk, trust, and consumer cynicism are some of the reasons why environmentally conscious consumers choose not to buy greener products (e.g. Gleim, Smith, Andrews, & Cronin, 2013; Gupta & Ogden, 2009; Pickett-Baker & Ozaki, 2008). However, this does not entirely explain why the green attitude-behaviour gap exists.

Consumers’ attitude and behaviours, for instance, are often shaped by their perceptual interpretations and perceptual judgments. Accordingly, past research has looked at perceptions and its influence on consumer behaviour, from price perceptions (e.g. Lowe & Alpert, 2010; Shiv, Carmon, & Ariely, 2005); to quality perceptions (e.g. Bridges, 1993); risk perceptions (e.g. Eggert, 2006); consumers’ perceptions of sales promotions (e.g. Lowe & Barnes, 2012); and so on. Within green marketing, perceptions of trust, perceived risk, perceived performance, perceived price and quality, and pro-social status perceptions have also been explored (e.g. Borin, Lindsey-Mullikin, & Krishnan, 2013; Chen & Chang, 2013; Zabkar & Hosta, 2013) to understand green consumption behaviour. However, a gap remains in our knowledge with regards to consumers’ green perceptions (CGP). What are consumers’ perceptions of green products, marketing messages, consumers, and consumption practices? Building on findings from our earlier focus group study (Johnstone & Tan, 2014), we suggest that even though consumers may have pro-environmental attitudes, their green perceptions may influence their green consumption behaviour. In particular, some consumers may be reluctant or resistant to participate in green consumption practices due to their unfavourable green perceptions. This study proposes that exploring CGP may offer new insights into the green attitude-behaviour gap. We use the terms “environmentally-friendly” (EF) or “green” products interchangeably throughout the paper. Green products have been defined as products that consumers perceive to be environmentally-friendly, whether it is due to the types of materials used, the production process, packaging, promotion, and so on.
Data Collection, Measurement and Analyses

Survey data was collected in September 2013 in Australia, using online consumer panels. 4,650 invites were sent, 746 responded (16%) and 510 responses were useable. We monitored the quota for gender, age, and geographical location to ensure sample representativeness. In addition, the respondents consist of consumers with varying levels of environmental-friendliness. In particular, 93 respondents (18%) identified themselves with the description “I always make a special effort to buy household products that are environmentally-friendly”, 274 (54%) as “I sometimes make a special effort...” and the remaining 143 (28%) identified themselves with “I rarely...”. Table 1 summarises the respondents’ profiles.

The respondents’ perceptions of green products, marketing messages, consumers, and consumption practices (Consumers’ Green Perceptions - CGP) are measured using multi-item scales. We based these scales on the findings from our exploratory study (Seven focus groups with 51 respondents) and with consultation to related literature. Respondents rated on 5-point Likert-scale, the extent to which they agree with each of the perception responses (1=Strongly Disagree). An exception was the “hard to be green” dimension, which was measured on a 5-point bipolar scale from “very little” to “a lot”. We subjected these items to principal component factoring with Varimax rotation, and arrived at a five-factor solution, comprising 18 items (Table 2). This solution has Eigen values well above one and it explains 66.2% of the variance. All items loadings were above 0.6. The reliability of the scales was established with Cronbach’s alphas of > 0.7. We then computed composite scores for each perception constructs, namely “product perception (P_PERCEPTION)”, “How hard it is to be green” (HARD), “Is there a green stigma?” (STIGMA), “Green – Do I feel responsible?” (FEEL) and “How ready are consumers to be green?” (READINESS).

In addition, we also asked for respondents’ opinions about package labels for green products (open-ended questions), who they believed should be responsible for preserving the environment and to what degree, etc. Recognising that CGPs may differ across product categories, we used household products as the research context. In addition, since household products can be considered low involvement products, respondents would not require as much technical knowledge as, for example, an environmentally-friendly hybrid car. The following section reports the key findings.

Consumers’ Green Perceptions: Insights from Australia

What do consumers (not) believe in?

The respondents view that the government (38%) and businesses (36%) bear greater responsibilities for preserving the environment than the consumers (26%). Although 58% of them believe that purchasing environmentally-friendly household products (EF HH products) will benefit the environment, only 19% of the them believe the claims made on package labels for EF products. 31% of them do not believe in those claims and the remaining 50% is undecided. This highlights consumers’ reservations towards environmental benefits of EF products but more importantly their cynicism towards claims made by businesses. As respondents wrote, e.g., “How do I know that the environmentally friendly product actually works being saving the environment? Or is it just another scam” and “Companies are out to sell products. An ‘environmentally-friendly” label is another method of sales promotion, like ‘healthy’, ‘all natural’ and ‘no preservatives’”. Consequently, consumers who believe in the environmental benefits of EF products may also end up not purchasing EF products because they do not believe in the claims made on the package labels. Essentially, to promote a greater uptake of EF products, consumers need reassurances that EF products are legitimate. For example one respondent wrote, “There's no standard like nutritional information. If environmental benefits are going to be claimed, there needs to be a standard by which they
can be measured or independently tested.” As such, marketers need to focus on reducing consumers’ cynicism, which goes hand in hand with the implementation of some form of government regulation or green accreditation scheme.

**How do consumers perceive products being promoted as EF? (P_PERCEPTION)**

Respondents were asked to compare the products being promoted as EF to other non-EF brands within one of the following product categories of their choice: soaps, toilet paper rolls, laundry detergents and dishwashing liquids. ANOVA results show that CGPs do not differ across these products. We pooled the data and report the findings as consumers’ perceptions for environmentally-friendly household products (EF HH).

Only 11% of the respondents perceive the performance of EF HH products to be better than other brands. In fact, 35% of them disagree to strongly disagree that EF HH products perform better. In other words, there is a perception that the performance of EF HH products is inferior in comparison to other non-EF brands. This perception is despite the fact that 58% of them perceive EF HH products to be better for the environment, 50% agrees that the packaging materials are less harmful to the environment and 26% thinks that these brands are more trustworthy. The findings show that there is currently an unfavourable performance perception for EF HH products. These negative perceptions may affect consumers’ attitude and intention to purchase EF HH products as perceived performance is a key determinant of product choice.

**How hard is it to be environmentally-friendly? (HARD)**

We surveyed the respondents for the perceived amount of time, effort and personal sacrifice (very little to a lot) required to purchase EF HH products. On average, the respondents do not think that it is too hard to be environmentally-friendly (Mean=2.85, SD=.87). A closer examination by different demographic backgrounds reveals that this perception differs across location, household composition and income groups. In particular, respondents living in major cities find it slightly harder to be green (Mean=2.89, SD=.82) than those who live outside the cities (Mean=2.72, SD=.99), t(508)=2.06, p<0.10. This findings offer some support for the suggestion that consumers who live close to nature or are dependent on the natural environment may be more motivated to engage in green consumption behaviour (e.g. Solér, 1996).

The ANOVA results, F (5, 504)=4.61, p<0.05, show that households with children older than school age find it hardest to be green (Mean=3.08, SD=.86), this is followed by older couples with no children at home (Mean=2.97, SD=.82). The HARD perception also differ across income groups, F (6, 503)=2.66, p<0.05 with higher income earners, $50,000 to $100,000 (Mean=2.98, SD=.84) and $100,001 to $150,000 (Mean=2.99, SD=.75) perceive being green to be the hardest. Interesting, the lowest income group (below $25,000) does not seem to think that it is that hard to be green (Mean=2.50, SD=.91). This finding suggests an intricate relationship between income and the perception of how hard it is to be green. A higher income does not appear to make things easier. Since the measurement items involve time and effort, one could argue that the higher income groups may be time-poorer hence the reason they perceive being green to be harder.

**Is there a stigma attached to being environmentally-friendly? (STIGMA)**

This construct focuses on respondents’ perceptions towards consumers who purchase products that are promoted as environmentally-friendly (term: green consumers). In particular, we wish to find out if there is a stigma attached to being green. The findings reveal that 43%
of respondents hold the perception that “green consumers think they are better than other consumers because they make an effort to be environmentally-friendly”. In addition, 34% think that green consumers make other people feel guilty for not being as environmentally-friendly as them. We then compare the mean of composite score (STIGMA) across different demographic variables and found that STIGMA perception differ significantly across qualifications, $F(4, 505)=2.54, p<0.05$ and income groups, $F(6, 503)=2.15, p<0.05$. In particular, STIGMA becomes increasingly stronger with higher household income, and was strongest within respondents with Bachelor (Mean=3.06, SD=.82) and Postgraduate (Mean=3.02, SD=.82) degrees.

This finding offers some evidence that green messages and consumers were not always perceived in a favourable light, which inevitably shaped how some consumers viewed green consumption behaviour. This unfavourable perception is important to acknowledge because individuals purposely strive to maintain a positive social identity (Tajfel & Turner, 1986). For example, in order to avoid a negative self-concept, individuals will distance themselves from people or products that might threaten their self-esteem and self-identity (Banister & Hogg, 2004). Thus, a green stereotype may create additional barriers to participating in green consumption practices, and in some situations it may even generate resistance towards some green consumption behaviours.

**Green – Do I feel responsible? (FEEL)**

This construct aims to examine how consumers feel about environmental issues, and whether they feel responsible for the environment. It aims to capture if they think environmental issues require immediate attention, if they can help to slow down environmental deterioration, and if they feel responsible for environmental deterioration. Overall, this perception (FEEL) has the highest score amongst all other perception constructs (Mean=3.44, SD=.76). Female respondents feel significantly stronger about environmental issues (Mean=3.58, SD=.75) than males (Mean=3.28, SD=.76), $t(508)=4.44, p<0.001$. This was somewhat expected as women have generally demonstrated a greater conscience than men in relation to environmental issues (Euromonitor International, 2012).

**How ready are consumers to be environmentally-friendly? (READINESS)**

We surveyed the respondents for their perceived READINESS to be environmentally-friendly. They were asked to reflect upon their situation pertaining to their knowledge, time, other responsibilities and their earnings within the context of “Will they purchase EFHH products over the next six weeks”. The findings show that overall, the respondents are only marginally ready to purchase EF HH products (Mean=3.18, SD=.81). Female respondents (Mean=3.25, SD=.86) are readier to be environmentally-friendly than their male counterparts (Mean=3.10, SD=.73), $t(508)=2.04, p<0.05$.

**Do consumers’ green perceptions differ across levels of environmental-friendliness?**

CGPs differ significantly across different levels of environmental-friendliness (Table 3). In particular, respondents who “always make a special effort to buy EF HH products” hold the highest positive perceptions about these EF HH products. As research has found, product evaluations can differ whether it is based on direct experiences (e.g. uses the product) or indirect experience (e.g., reads product reviews, media reports, listens to hearsay) (e.g. Hamilton and Thompson, 2007). We could infer that the product perceptions of these products are shaped by the respondents’ direct experience as they “always make a special effort to buy EF HH products”. Hence, for repeat buyers, their direct experience with EF
products may build trust in other EF products. Overtime, these positive purchase experiences will reinforce their favourable perceptions of green products.

In contrast, for consumers who have never purchased EF products, purchasing a new type of product, in this case an EF product, could pose a risk for the buyer. The positive product perception suggests that to change consumers’ perceptions of EF products, one may need to provide opportunities for more direct experiences. As Hamilton and Thompson (2007) study found, providing more product information before purchase did not lead to more concrete mental representations of the product; instead providing opportunities for more experiential contact with the product did. The same argument could apply to perception of “hard to be green”. Respondents who “rarely make a special effort” found it the hardest to be environmentally-friendly. This could in part be due to reason that they have no or little direct experience in green consumption behavior. Perhaps, not surprisingly, respondents who “always make a special effort” also feel strongest about environmental issues, and are most ready to purchase EF household products. The STIGMA perception is the weakest amongst this group.

Managerial Implications and Conclusion
This study revealed the current green perceptions of Australian consumers. It argues that consumers’ green perceptions may influence their green consumption behaviours. Whilst they may be concerned about the environment, and agree that something needs to be done, their unfavourable or less favourable perceptions of green products, consumers and green consumption behaviours helps to explain the green attitude-behaviour gap. That is, these unfavourable or less favourable green perceptions might potentially be barriers to the adoption of green consumption behaviour.

Our findings have some important implications on how green products and messages should be marketed. Firstly, marketers need to focus on reducing consumers’ cynicism towards environmental claims made by businesses. This could include an independent green accreditation scheme or/and the implementation of government regulations. Secondly, marketers need to address consumers’ unfavourable performance perceptions of green products. Based on our findings, having direct experience with green products may help consumers to build confidence thus, trust in these products. Direct experience could be promoted through free trial / sample of green products, or invitations to participate in some green consumption activities, e.g., through event marketing.

From a policy making perspective, we suggest that more regulation is required, i.e., companies need to comply with more stringent green standards, because perceptions take time to change. As Nyborg (2003, p. 273) suggests, “social norms and motivation are important determinants of everyday behaviour”, which can over time can be shaped by government intervention. For instance, past research has shown that public policy, such as banning smoking in public places can reduce smoking in the home (Nyborg, 2003).

Table 1: Respondents Profile (N=510)

<table>
<thead>
<tr>
<th>Gender</th>
<th>N (%)</th>
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</thead>
<tbody>
<tr>
<td>Female</td>
<td>276 (54.1)</td>
</tr>
<tr>
<td>Male</td>
<td>234 (45.9)</td>
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<tr>
<td>18 to 25 years old</td>
<td>74 (14.5)</td>
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<td>------------</td>
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<td>Household income (AUD)</td>
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<td>Household with young children (baby to school age)</td>
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<td>Household with youngest child is older than school age</td>
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Table 2: Measurement Items of Consumer Green Perceptions

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<th>Item</th>
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<th>Loading (N=510)</th>
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<td>0.72</td>
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<tr>
<td></td>
<td>Better for environment</td>
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<tr>
<td></td>
<td>Less harmful packaging</td>
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<tr>
<td></td>
<td>More trustworthy</td>
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<td>Hard</td>
<td>Requires very little effort</td>
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<td>0.86</td>
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<tr>
<td></td>
<td>Requires very little time</td>
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<td>0.83</td>
</tr>
<tr>
<td></td>
<td>Involves very little sacrifice</td>
<td></td>
<td>0.61</td>
</tr>
<tr>
<td>Stigma</td>
<td>Green consumers tend to be &quot;hippies&quot;</td>
<td>0.73</td>
<td>0.60</td>
</tr>
<tr>
<td></td>
<td>Green consumers think they are better than others</td>
<td>0.82</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Green consumers make others feel guilty</td>
<td>0.83</td>
<td></td>
</tr>
<tr>
<td>Feel</td>
<td>Environmental issues need immediate attention</td>
<td>0.81</td>
<td>0.63</td>
</tr>
<tr>
<td></td>
<td>I cannot help to slow down environmental deterioration (R)</td>
<td></td>
<td>0.74</td>
</tr>
<tr>
<td></td>
<td>I do not need to do anything because the environment is not a major concern (R)</td>
<td>0.77</td>
<td></td>
</tr>
<tr>
<td></td>
<td>I do not feel responsible (R)</td>
<td></td>
<td>0.77</td>
</tr>
<tr>
<td>Readiness</td>
<td>Insufficient knowledge about environmental issues (R)</td>
<td>0.85</td>
<td>0.74</td>
</tr>
<tr>
<td></td>
<td>Insufficient time (R)</td>
<td></td>
<td>0.75</td>
</tr>
</tbody>
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Table 3: Green Perceptions of Consumers' with Different Levels of Environmental-Friendliness

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Overall (N=510)</th>
<th>I always … (N=93)</th>
<th>I sometimes … (N=274)</th>
<th>I rarely … (N=143)</th>
<th>ANOVA F Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>Std. Deviation</td>
<td>Mean</td>
<td>S.D</td>
<td>Mean</td>
</tr>
<tr>
<td>P-Perception</td>
<td>3.16</td>
<td>0.63</td>
<td>3.63</td>
<td>0.61</td>
<td>3.21</td>
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<tr>
<td>Hard</td>
<td>2.85</td>
<td>0.87</td>
<td>2.32</td>
<td>0.95</td>
<td>2.80</td>
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<tr>
<td>Stigma</td>
<td>2.91</td>
<td>0.82</td>
<td>2.47</td>
<td>0.74</td>
<td>2.89</td>
</tr>
<tr>
<td>Feel</td>
<td>3.44</td>
<td>0.76</td>
<td>3.94</td>
<td>0.69</td>
<td>3.54</td>
</tr>
<tr>
<td>Readiness</td>
<td>3.18</td>
<td>0.66</td>
<td>3.85</td>
<td>0.79</td>
<td>3.22</td>
</tr>
</tbody>
</table>

* p<.001

I always make a special effort to buy household products that are environmentally-friendly.
I sometimes make a special effort to buy household products that are environmentally-friendly.
I rarely make a special effort to buy household products that are environmentally-friendly.

References

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SUSTAINABLE MARKETING ABSTRACTS
A Little Help from My Friends: Assessing the Adjustment of Small and Medium-Sized Enterprises to Corporate Social Responsibility

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Abstract

With growing environmental and social awareness, corporations are facing rising pressure to engage in corporate social responsibility (CSR); small and medium-sized enterprises (SMEs) are no exception. With operational constraints in resources and time, SMEs attempt to boost their CSR through external sources. Adopting the perspective of stakeholder theory and drawing from the literature on socialization, this research suggests that the extent to which an SME adjusts to CSR principles mediates the relationship between CSR performance and SME stakeholder knowledge and interaction. This paper tests the hypotheses with an online survey of SME owner-managers. The results show a mediating impact of organizational CSR adjustment over and above the direct effects of stakeholder knowledge and stakeholder interaction on CSR performance. The findings also suggest that organizational CSR adjustment directs CSR performance, enabling employees to engage in effective and efficient CSR activities. Theoretically and managerially relevant implications for researchers and SMEs are discussed.

Keywords: Corporate social responsibility; Organizational adjustment; Small and medium-sized enterprises; Stakeholder theory

Track: Sustainable Marketing
Understanding Corporate Foundation Members’ Views of Firm-Foundation and Firm-Non-Profit Relationships

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Abstract

The research examines the motivations that drive corporate foundations to fund non-profit organisations. The research uses four in-depth qualitative interviews with a sample of foundation members from one Australian corporate foundation. A process of thematic analysis was employed on the interview transcripts to identify five factors that motivate foundation partnering; Employee volunteering and engagement, Measuring social good, Operational capability of the non-profit, Reputation, and Category of need. The research suggests that many of the foundation member motivations are linked to the benefits associated with the funding corporation, suggesting that this is part of strategic philanthropy. The implications of these findings on potential non-profit partners and opportunities for further research are discussed.

Keywords: Corporate Foundations; Motivations, Non-profits

Track: Sustainable Marketing
Efficiency, Effectiveness, and Sustainable Marketing: A Literature Review

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Abstract

The micro-macro divide is widened by an array of commercial activities that aim at commercial interest oriented efficiency. This paper proposes a framework of sustainability via an approach of literature review that integrates the two major elements of marketing performance, inclusive of efficiency, long-term effectiveness, and distributive effectiveness. This framework enriches the stream by linking the widely discussed concepts of sustainability marketing with the two major measurement criteria, the efficiency and effectiveness.

Key words: efficiency, effectiveness, sustainability

Track: Sustainable Marketing
Institutional Entrepreneurship for Advancing Environmental Networks: A Multi-Actor Perspective

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Abstract

Environmental networks are collaborative efforts by multiple organizations to advance environmental sustainability in their activities. While existing research has studied the mobilization activities undertaken by influential actors to form such networks, this understanding is relatively limited as it is focused on the mobilizers as homogenous actors with similar activities. The aim of this research is to conceptualize mobilization as a collaborative effort of a diverse group of actors with differing roles. By incorporating theoretical knowledge from institutional entrepreneurship with empirical insights from a qualitative case study, this study conceptualizes environmental network mobilization as a joint effort by multiple mobilizers. The results highlight four different roles in the network mobilization process, as well as interactive processes between the mobilizer organizations, which jointly shape the development of an environmental network. This research increases the understanding of institutional entrepreneurship as a collaborative process and understanding on how collaboration can improve environmental sustainability.

Keywords: network mobilization, environmental networks, sustainability, institutional entrepreneurship

Tracks: Sustainable marketing
Society or the Environment? Understanding How Consumers Perceive Corporate Sustainability Initiatives

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Abstract

This research examines how and why consumers evaluate a company’s environmental and social practices differently. Using secondary data, a field experiment, and laboratory experiments, we show that the tangibility of a company’s product offering (such as the difference between a physical DVD and a digital MP4) and the process to develop the offering (such as the difference between product development occurring virtually or in-person using physical elements) influence consumers’ evaluations of environmental practices relative to social practices. Specifically, environmental practices generate greater impacts for goods companies, companies with tangible offerings, and companies with a tangible process. By contrast, social practices are more influential for services companies, companies with intangible offerings, and companies with an intangible process. Increased environmental awareness due to the presence of physical elements rather than an obligation to compensate for environmental degradation underlies the role of tangibility in highly tangible cases.

Keywords: corporate social responsibility, sustainability, tangibility

Track: Sustainable Marketing
CONSUMER CULTURE THEORY
FULL PAPERS
New perspectives on democratisation in the luxury market: The engagement of consumers in marketplace meanings

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Shelagh Ferguson, University of Otago, New Zealand
John Knight, University of Otago, New Zealand

Abstract
Luxury market has significantly changed as a result of the democratisation of luxury. Consequently new luxury markets such as rental, second-hand, and counterfeit luxury have emerged. These emerging markets challenge the luxury industries in preserving the image of rarity and exclusivity of their offerings. Research has paid scant attention to the ways consumers engage in those markets and how their engagement drives changes in the emerging luxury markets. This research focuses on the rental luxury market to examine the ways consumers interact and engage with that market. Using netnographic methods and actor-network theory, the authors demonstrate that consumers’ engagement in the rental luxury market is different from the previous rationales for luxury consumption. Our findings introduce liberatory and exploratory consumption as new ways of experiencing the luxury market and engaging with luxury goods.

Keywords: Democratisation, Emerging Luxury Markets, Consumers’ engagement, Market Formation.
Track: Consumer Culture Theory

Introduction
Historically, research on new market development has focused on the role of firms in forming new markets through the processes of innovation and diffusion where consumers are depicted as potential recipients of firms’ innovation (Hauser et al., 2006). However, a stream of research in consumer culture theory (CCT) has recently theorised the emergence of markets from consumption activities (Martin and Schouten, 2014; Scaraboto and Fischer, 2013). Such studies, which are few, highlight the role of consumers or consumption in the formation of new markets, thereby giving us a new insight into markets.

Empirical observation of the luxury market reveals that new markets such as luxury for rent, second-hand luxury, and counterfeit have emerged within the mainstream luxury market. These emerging markets enable consumers to access, consume, and dispose of luxury goods in ways that differ from the traditional mainstream luxury market. These new luxury markets are not formed as a resistance to prevailing mainstream luxury market logics (Sandikci and Ger, 2010; Thompson and Coskuner-Balli, 2007), but they challenge the luxury industries in preserving the image of rarity and exclusivity of their offerings. For example, the luxury for rent market enables individuals to temporarily own luxury goods by paying 5 to 10% of its full retail price, thus challenging traditional concept of luxury ownership and brand exclusivity. However, the extant literature does not address how the new luxury markets have developed and how they are changing the meanings and value in use for consumers in the contemporary luxury marketplace. By focusing on these new luxury markets, our research seeks to answer the following questions: What is the role of luxury consumers in the formation and emergence of these new luxury markets? How do these changes address the contrasting paradox of the existing mainstream market? What processes are involved in the formation and development of those markets? And how have these changes altered the meanings and value in use of luxury goods in the contemporary luxury market? Therefore, the
contribution of our study is to extend our understanding of market evolution and development from a CCT perspective by expanding our understanding of the ways in which consumers engage with these emergent luxury markets.

Our research project is nascent and these preliminary findings address only the luxury for rent market, specifically focusing on how consumption practices of luxury consumers have changed. Therefore, this stage of our study investigates the ways consumers engage with the rental luxury market which forms an important base for the next stage of the research process. The paper is structured as follow: First, relevant literature is reviewed. Next, we introduce the context of our study, and explain the choice of Actor-network Theory (ANT) as theoretical framework of the study. The employed research methodology is discussed next and finally, we discuss the preliminary themes identified through analysing consumption practices in the rental luxury market and draw conclusion.

Literature Review
Recently the generative role of consumers or consumption in creating new markets has been recognised by consumer culture theory (CCT) scholars. Through the Burning Man project, Kozinets (2002) depicts how consumers co-create an alternative temporary market in order to emancipate themselves from institutional market logics. Similar studies have identified the creation of new markets premised on the resistance of consumers to prevailing market logics (Sandikci and Ger, 2010; Thompson and Coskuner-Ballli, 2007). Moreover, the formation of consumption-driven markets which emerge in harmony with existing market offerings have been theorised by Scaraboto and Fischer (2013), and Martin and Schouten (2014). For example, consumers of plus-sized fashion clothing have formed a new market through expanding the logics of an existing market in order to fulfil their desires to wear designer clothes (Scaraboto and Fischer, 2013). We followed the advice of Arnould, Price, and Moisio (2006) by working in a context that has the potential to expand theory about consumption and market formation, and thus have chosen to explore the emerging luxury markets.

Originally, luxury was consumed by aristocrats as a badge of nobility in order to signal their social class and separate themselves from ordinary people (Kapferer and Bastien, 2009). However, the market for luxury goods and consequently the perceptions and meanings of luxury have changed significantly since the demise of sumptuary laws in the 18th century which restricted the owning of luxury to aristocrats (Berry, 1994). Early research in the luxury market was conducted by analysing consumption practices of affluent consumers (Veblen, 1899). Consequently, early theoretical frameworks of luxury consumption formed around conspicuous consumption (Veblen, 1899), and bandwagon, snob, and ‘Veblen’ effects (Leibenstein, 1950). Subsequently, marketing academics have updated their understanding of the luxury concept, its perceptions and values as a result of democratisation of the luxury market (Vigneron and Johnson, 2004; Tynan et al., 2010). These studies have identified types of values such as utilitarian, symbolic, experiential, and relational values that consumers seek and receive through their engagement with luxury goods and brands.

The traditional luxury market consisted of small family oriented luxury firms (Dubois and Duquesne, 1993) that provided luxury goods for the affluent and the ‘happy few’ (Veblen, 1899). However, the luxury market has experienced significant growth since the early 1990s (Truong et al., 2008). Kapferer and Bastien (2009) identify factors such as democratisation, increase in spending power, globalisation, and communication, as underpinning this growth. Similarly, Okonkwo (2009) states that the significant growth in the luxury market is “[…] due to globalisation, wealth-creation opportunities, new market segments, digital communications,
international travel, and culture convergence […]” (p. 287). Among the identified factors, globalisation and wealth-creation are believed to be the main drivers in the emergence of affluent market segments (Chow et al., 2001), that in turn have boosted the demand for luxury goods. Consequently, the dramatic increase in demand for luxury goods was accompanied by the increasing number of ‘new luxury goods’ (Truong et al., 2008). Luxury brands have made accessing luxury goods more affordable and attainable for the consumers through diversifying their product lines (Okonkwo, 2009), changing their pricing policies (Stegemann, 2006), and expanding their geographical market coverage (Truong et al., 2008). Our observation of current luxury markets shows that new markets such as luxury for rent, second-hand luxury, and counterfeit are emerging within the mainstream luxury market. Those markets have expanded the availability and accessibility of luxury goods, thus open a new chapter of democratisation in contemporary luxury market.

The sector of the market relating to luxury for rent, which makes it possible to rent luxury items instead of buying them, continues to rise. Future Foundation (2010) found that the idea of getting access to luxury goods by renting them finds favour with a quarter of 15-24s and over a fifth of 25-34s.

The market for second-hand luxury goods is quite popular. For example, Brand Off which is a second-hand retailer has 40 stores across Japan. Also online sites such as www.walkinmycloset.com offer easy access to such goods in the US. According to International Anti-Counterfeiting Coalition report in 2012, “[c]ounterfeiting is a $600 billion a year problem. In fact, it’s a problem that has grown over 10,000% in the past two decades, in part fuelled by consumer demand.” Given that the market for counterfeit luxury relies on the genuine luxury market, the price, quality, and distribution of counterfeit luxury goods widely differ from the original luxury brands. We speculate that these changes to the luxury market on the basis of price (second hand market), ownership (renting) and authenticity (counterfeit) have extended the dimension of democratisation in the current luxury market. Therefore, this new stage of democratisation in the luxury market stands in contrast with luxury firms which try to maintain and preserve their badge of exclusivity.

These emerging sectors of the luxury market are fruitful contexts in which to investigate the role of consumers or consumption in new market development for several reasons. First, the emerging luxury markets challenge the luxury industry in preserving the image of exclusivity and rarity of luxury goods. Second, consumers in those emerging markets are not stigmatised or marginalised consumers; to some extent they are consumers of the mainstream luxury market also. Third, those markets are not developed as a form of resistance to the mainstream luxury industry. Fourth, the emerging luxury markets are quite new; therefore we can easily track their development and history. The mentioned reasons highlight the importance of exploring the emerging luxury markets in order to extend theory about consumption and market development.

In doing so, this paper specifically investigates the consumption practices of consumers in the luxury for rent market to understand how their consumption and consequently their engagement in the rental luxury market is different from the mainstream luxury market. Therefore, this paper provides a base for us to further extend our research to understand how consumers’ engagement drives changes in the emerging luxury markets and eventually leads us to expand theory about new market development. We adopted Actor-network Theory (ANT) as the theoretical framework for our research and use the netnography method to investigate consumption practices in the rental luxury market.
Actor-Network Theory

Actor-network theory (ANT) as an approach to investigate and theorise social phenomena, was developed by sociologists of science and technology (Callon, 1986; Latour, 2005). According to ANT, nonhuman entities or materials are part of a social network, therefore like human subjects, nonhuman entities have agency and can affect the actions of other actors (Latour, 2005).

Martin and Schouten (2014) argue that “a market can be conceptualised as an actor-network comprising human, nonhuman, and hybrid actants” (p. 857), in which, the relations among those actors constantly give it form and stability, or even destabilise it. Given the aim and objectives of our research, we used ANT in the consumer culture tradition in order to uncover the socio-material relations in the luxury for rent market. This enabled us to understand the ways consumers interact with the luxury goods and consequently engage with this market.

Methodology

Our research utilises a netnographic approach to investigate consumption practices of consumers in the rental luxury market. Today, the Internet is a suitable place for researchers to track consumption practices of consumers and capture their interaction and dialogue with the firms and other consumers. Accordingly, we applied a netnographic approach to explore the attitudes and naturally occurring behaviours of individual consumers in online environments (Kozinets, 2002). At this stage in the investigation, the first author collected and archived data over a three-month period through observing, reading, and analysing the content of online forums and blogs dedicated to luxury branded handbags. The category of handbags was chosen to study the consumption practices of luxury consumers because they are publicly consumed, relatively affordable luxury goods (Nunes et al., 2011) that are involved with everyday activity of consumers.

We focused on 25 blogs dedicated to the rental luxury designer handbags; 2 big online designer handbags consumer communities; and 10 rental luxury handbags websites. The content of the blogs and online community discussion pages were analysed manually following the sequence of steps including data reduction, transformation, display, and conclusion drawing (Miles and Huberman, 1994). The first author read and coded the content of the blogs and online forums related to the consumption practices first, followed by conferring, debating, and iterating between the data and the extant literature.

Discussion: emerging themes in the consumption of rental luxury goods

Analysing consumption practices of individuals in the rental luxury market led to the emergence of two main themes. The first, consuming luxury is identified as a liberatory form of consumption; the second, consuming luxury is considered as a kind of exploratory consumption.

Liberatory consumption

Analysing the content of discussion threads and online blogs reveals that consumers use rental luxury handbags to overcome restricting ownership commitments. Underpinning these consumers’ interactions with the marketplace are the assumptions that they have insufficient funds to purchase new handbags at what they perceived to be a desirable regularity within fashion cycles hence feeling as though they cannot keep up with current luxury trends and distressed at being out of style as their current handbags pass beyond the current fashion cycle.
it’s [renting] definitely a smarter alternative than plunking down thousands of dollars on a bag that will have a relatively short shelf life (for the price) and will wind up deep in a closet at some point. (Cristina, discussion thread)

Furthermore, purchasing and leaving expensive handbags in closet just because those handbags passed beyond the current fashion cycle make some women to feel guilty about buying new handbags.

Mike Smith, the CEO of Bag Borrow or Steal, said: “Our average customer has 25 handbags that they own, so they almost feel guilty about buying another one.” “A number of them talk about having to justify to their husbands buying another one when they’ve got 25 perfectly good handbags in their closet.”

The market logic of renting luxury handbags enables consumers to keep up with fashion cycles without buying and committing to expensive designer handbags and removes the concern that they might fall out of fashion. This stands in sharp contrast with the mainstream luxury market logics that promote ownership of luxury goods.

There is a practical and utilitarian perspective enacted within informants relating to the ability to afford these luxury items. Luxury handbags are expensive for most consumers. For example, a Louis Vuitton ‘Lockit’ handbag cost $4,250 for consumers to buy it. Therefore, renting luxury handbags enables consumers to overcome financial barriers in getting access to and consuming luxury items.

“‘designer handbags for rent’ is a dream come true to all women out there who cannot afford to purchase a handbag for the full price”. (Tiffany, a blogger)

“if I wanted, for one special occasion to be carrying around a $17,000 bag, at least I know I have that option”. (Allison, thread discussion)

Therefore, to some extent, renting luxury handbags is driven by consumers’ desire to overcome the ownership commitments and financial barriers which restrict their luxury consumption. This initial theme elucidates how the development of luxury for rent market sector has liberated some consumers from the restriction exorcised by the traditional marketplace designed to restrict access.

**Exploratory Consumption**

In the realm of consuming rental luxury handbags, we identified exploratory consumption was important to consumers in this area of the marketplace. In fact, exploratory consumption consisted of two subthemes namely: tasting before purchasing, and tasting luxury for the first time. Some women in discussion threads articulated that they rent luxury designer handbags for a short time in order to decide whether to buy and commit to it or not.

“I can see renting a Coach purse for a week, just to see what the hubub is all about. Then, if it’s something I really like, I’ll buy one”. (Meg, discussion thread)

For some other women consuming rental luxury handbags provide an opportunity for them to taste a bit of luxury lifestyle.

“I think it gives people like me who live on a beer budget [an opportunity] to live like we live on a champagne budget. I mean I always wanted to live like Carrie Bradshaw on Sex and the City meaning she can buy the high ticket items. And now I can have the high ticket items (even though it's for a short time). What could be wrong with dreaming of something and having a little piece of your dream!”(Tina, discussion thread).

Therefore, renting a luxury bag seems a good idea for those women who want to ‘try on’ a champagne lifestyle identity and experiment with things that are slightly out of their comfort zone. The exploratory consumption reveals how the purpose of involving with luxury goods for consumers in the rental luxury market is different from the mainstream luxury market.
Conclusion
The literature is clear that the luxury market has significantly changed as a result of the democratisation of luxury (Dubois and Laurent, 1995). Consequently new luxury markets such as rental, second-hand, and counterfeit luxury have emerged. Those markets have expanded the availability and accessibility of luxury goods, thus challenging the luxury firms in maintaining the image of rarity and exclusivity of their offerings. By focusing on the rental luxury market, our research demonstrates that consumers’ engagement in this market is different from the previous rationales for luxury consumption. Drawing from our example of rental luxury, we introduce liberatory and exploratory as new ways of experiencing the luxury market and engaging with luxury goods. These new forms of engagement in the rental luxury market challenge the traditional conceptualisation of luxury and counter to the market logic of exclusivity and the high price acting as a barrier to consumption.

References


Unpacking Young Chinese Consumers’ Insatiable Desire for Luxury

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Abstract
This study aims to understand the meaning and importance of luxury in the eyes of Chinese consumers, who no longer see themselves as precluded from luxury consumption. Various projective techniques were used to collect data. The findings contribute to theory by indicating how luxury has become an integral part of the culture of young Chinese consumers, and revealing how these consumers integrate foreign luxury brands into traditional Confucian virtues, merging the Western values of individualism and standing out with the Chinese virtues of guanxi, rénqing, mianzi and fitting in.

Keywords: Taste, Guanxi, Rénqing, Mianzi
Track: Consumer Culture Theory

Introduction
Chinese consumers' appreciation of luxury has a rich history, and remains firmly established in the Chinese cultural and sociological landscape. Compared to Asian and European countries, China's luxury goods market is expected to grow faster than that of others and has already surpassed the United States in luxury consumption (Lu, 2011). China’s rising number of nouveau riche and the Internet-enabled diffusion of Western-fashion consumer culture are quickly transforming the communist nation into what The New York Times has called “The Shoppers’ Republic of China” (Pham, 2012). Behind this phenomenon lie the questions of how young Chinese consumers are pursuing luxury and how consumer culture in middle class urban China is inducing the desire for luxury in their minds. More specifically, do consumers of luxury goods still use these goods to emulate others in order to fit in with people they admire, or do they use these goods to stand out from the crowd? Understanding Asian luxury markets and consumers’ approaches toward luxury has been explored to some degree in marketing and consumer behaviour research (e.g., Griffiths, 2013; Wong and Ahuvia, 1998; Chadha and Husband, 2006). However, these salient questions have not been addressed and additional research needs to be done to broaden the findings and contribute to understanding Chinese consumer culture towards luxury consumption. Traditional methods of both qualitative and quantitative research may be limited for understanding Chinese consumer motivation. To address our questions, we used projective methods to access and understand these consumers’ values, roles and motivations for luxury.

Chinese Luxury Consumers
China has weathered the global financial crisis in 2008 much better than other nations (Whyte, 2009). Moreover the consumption of luxury brands in China has spread across age, racial, geographic and economic brackets, especially when the faux-luxury of counterfeits is included. At the beginning of the twentieth century, Veblen’s 'conspicuous consumption' (1899/1973) was unaffordable to the Chinese masses and only the wealthy powerful ‘leisure class’ had access to it (Dikotter, 2007). Over the last few years the democratization of luxury or luxury for the masses (Danziger, 2005; Thomas, 2007) has changed the old system and has made conspicuous consumption possible for millions. Owing to mass production, greater
discretionary income, and the availability of consumer credit, consumers have far more access to luxury possessions than ever before. Lu (2011) and Chadha and Husband (2006) offer several suggestive insights about the luxury buying behavior of Asian consumers.

First, Chinese consumers are said to buy Western luxury brands to show their economic wellbeing as well as social status. According to Chadha and Husband (2006), there is a new ‘luxury-brand-defined social order’ in which ‘your identity and self-worth are determined by the visible brands on your body’ (Chadha and Husband, 2006; p. 3). Chinese consumers raise themselves in the society by spending a great deal of money on luxury materials (Griffiths, 2013; Lu, 2011). Second, in general, Chinese consumers tend to keep flat living expenses and assign ‘high priority to luxury goods’ (Chadha and Husband, 2006; p.146). Many white-collar women carry LV (Louis Vuitton) handbags to publicly display their status, but interestingly spend less than before on their food, for example they eat instant noodles at home (Belk, 1999). Third, many Chinese consumers purchase luxury goods as gifts in order to maintain positive associations with others. According to Chadha and Husband (2006; p. 147), Chinese guanxi, which implies a relationship, is the biggest driver of luxury consumption because ‘luxury brand gifts oil the wheels of government bureaucracy and business alike.’ Luxury brands are likewise the best choice as gifts between family members and relatives because they cater to the self-esteem of both the giver and the receiver who see such things as trophies of success (Wong and Ahuvia, 1998). Fourth, social norms have an extraordinary effect on consumer buying behaviour. Wong and Ahuvia (1998) insist that in China, a collectivist culture, consumers buy luxury brands in order to be socially accepted. For the most part they purchase items that other people like to buy. Thus, our context of study is distinct from Chadha and Husband’s (2006) and also Wong and Ahuvia’s (1998) context of Chinese consumer culture. It also tries to disclose how they are shifting from their ancestors’ ideology and perception towards luxury consumption. And also how they are overcoming the abiding fear of being on one’s own or being separated or disconnected from the group.

**Method**

Given the limited use of qualitative research in studying luxury consumption to date, the study adopted multiple projective methods (Rook 2006) which have a unique capacity for uncovering the feelings, beliefs, attitudes that many people may find difficult to articulate (McGrath, Sherry Jr. and Levy, 1993). They add volume, richness, and creative insight to data. In this study they help us to access consumers’ beliefs, associations, and behaviors that were otherwise unreachable. We used a number of projective methods (Belk et al.,1996, 1997, 2003) building from low to high amounts of information generation. We began with word association to build confidence, and then proceeded to more expansive techniques including sentence completion, picture drawings, storytelling, and collages to reveal consumers’ tacit attitudes and feelings about luxury consumption. In part of our research, when we asked about young Chinese consumers’ feelings or experiences, while informants see or use, “luxury brands”, or “see other/s using luxury brands”, they might simply say, “I feel good to use luxury brand”, but such limited responses were further probed by asking the informants to match their feelings using our projective techniques. Young Chinese are those born after 1978 (Brici et al., 2013), when Deng Xiaoping, the late reformist leader of Communist Party China, first became a strong advocate of “market socialism.” We also focused on purposeful sampling to collect data for this research, and interviewed 25 young middle class Chinese aged 19 to 35 about their desires to own and use luxury brands. Recruitment was accomplished through the researchers’ peer networks, snowball sampling, handouts distributed at a university, and an advertisement in the local newspaper. The data were analyzed using hermeneutic circle approach.
Findings
Luxury Consumption: As Fitting In

Privileged life: The word association projective test results for luxury consumption for both male and female informants show similar associations: luxury consumption was related to ‘comfort’, ‘confidence’, ‘better position’, ‘happiness’, ‘lavish life’, ‘money’, ‘prosperity’, and so on. A number of collages from the projective exercise revealed appreciation for luxury showing expensive watches, luxury cars, yachts, and well-known brand names that the informants consider as symbols of a privileged life. These all express their avid desire to join and fit in with the elite group of privileged people whom they envisioned distinctly.

Some informants equated luxury with economic wellbeing, which they perceived would assist them in leading a privileged life. Informants highlighted the relationship between luxury consumption and a certain way of life, a privileged life, which they described as more flexible than that of less affluent consumers; privileged people have more choices, more opportunities, and more control over what they do than those with lower incomes. Indeed, some rich and famous Chinese people live a privileged (one might almost say decadent) lifestyle with luxury villas, expensive cars, fine wine, Patek Philippe watches, high fashion, and plenty of partying. They do not consider what they have; rather they are more concerned about what others’ have. This is also shown in Dang’s projective drawings (Drawing 1). Dang's idea of luxury includes dining and beach-going in relative isolation. Beaches in luxurious areas such as parts of Hainan Island and Beidaihe offer total relaxation in luxury. The drawing shows an alluring sea-view holiday with all the amenities: refined personalized service, his own shade, a surfboard and drinks. The sea is calm and he has everything he needs. He dreams this sort of comfort for a long time as he believes only rich can afford this luxury. Dang just wants to lounge on his comfortable beach chair and watch the ocean. His intense desire is to relax there and to spoil himself and experience a privileged, sophisticated and elegant life.

Appreciating Western appeal: The collages of luxury brands frequently used Western luxury brand photos. Gao's collage (Collage 1) shows various Western luxury brand names initiating feelings of modern luxury, prestige and wealth. According to Gao, luxury is closely associated with Western brand names, and she needs to take friends along with her to visit shops, as she likes chatting while shopping. Since she is an occasional shopper she prefers to buy luxury brands from duty-free stores in Oriental Plaza or abroad. Gao loves the atmosphere, décor, music, product displays, and interactions with the salespersons in luxury Western stores, which she believes are much better than the local counterparts.

For these consumers, shopping in such an environment is itself an experience of indulgence. Gao also imagines a ‘Western brand’ and a ‘local brand’ as ‘two different people’ with two personalities. A Western brand is ‘gorgeous’; a Chinese brand is simple and down to earth. She mostly likes to show off her shopping items and brand names. The Gucci shopping bag, Pandora and Rolex brand names show her passion for Western names and brand personalities. In thematic stories, participants also believe that Western consumers have a better understanding of taste and fashion than the Chinese do. This can be attributed to Chinese consumers’ lack of cultural capital—the knowledge, skills, and tastes that a person tacitly develops—which cannot be transferred directly (Bourdieu, 1983). Some participants realized that not only what people consume is important, but also how they consume—that is, the cultural capital (Bourdieu, 1983) they exhibit through their consumption—is even more important, as it is this that allows fitting in with status groups. Compared to Westerners, Chinese consumers saw themselves as lagging far behind. Thus in one, sense, they strive to fit in with the imagined reference group of Western consumers.
Peer group conformity: As luxury brands are highly visible, recognizable items, consumption choices are open to public scrutiny, and thus open to the influence of rénqíng (mutual and reciprocal respect) and guanxi (social networking), essential elements in maintaining honourable relationships within Chinese society. Chinese consumers are highly influenced by their friends, the people they work with, and others close to them. Our Chinese informants spend most of their time in direct contact with their peers and other social groups that influence their lifestyles, habits, and consumption process. They respect mutual trust and value others' opinions.

In projective collages (such as Collage 2) interpersonal relationships with peers emerged as the respondent appreciates playing golf and spending time with his friends and likes to accept his friends recommendations while purchasing luxury perfumes. This suggests that these Confucian virtues are still important in rapidly changing Chinese society.

Luxury Consumption: As Standing Out

Uniqueness: The findings show that some consumers are keen to own a one-of-a-kind luxury brand or a product, which has its own unique design or special features. These consumers seek the experience of a luxury item that markedly differentiates them from other individuals. The need for uniqueness can have a significant effect on a consumer’s purchase decisions. According to McCracken (1986), uniqueness is an important consideration for consumers as it is pleasurable to possess an item that no one else has. The word association results for ‘luxury consumption’ were often related to this concept of uniqueness: ‘something uncommon’, ‘anything rare’, and ‘not generally accessible’.

The main focus of this sense of luxury is expensiveness, radiating exclusivity and snob appeal (Leibenstein, 1950). The appeal of luxury is in finding something rare, unusual, or idiosyncratic, something that has not been discovered by others, but also is prohibitively expensive for most and has an expensive brand name. To avoid similarity to others, some consumers develop a variety of shopping strategies: they buy discontinued styles, shop in vintage stores, or combine apparel in unusual ways. During the Cultural Revolution under Chairman Mao, there was no place for uniqueness in Chinese society. The Chinese had to achieve or maintain status by believing in (or appearing to believe in) Mao's socialist doctrine; Mao’s image was displayed in every home and his Little Red Book was conspicuously carried by all, as signs of correct thinking. Men and women, government leaders and general populace, showed their affinity to the Chairman by wearing the Mao suit (the Sun Yat-Sen suit), which became widely accepted as a symbol of proletarian unity (Finnane, 1996). Nowadays those symbols have become meaningless, especially to young consumers. Many try to avoid looking the same as others by seeking out the unusual, rare or unique; ironically, in Fang's words, 'they are all chasing it'.

‘Cool’ identity: These symbolic values of luxury and status identity also play a part in saving face, or mianzi. Mianzi, the need for individuals and entire families to have and maintain (and also give) prestige and respect, is a fundamental feature in Chinese culture. Our young Chinese informants believed in maintaining face; but interestingly, many have modified the concept to adapt to Western culture. That is to say, having mianzi now means being ‘cool’ (Belk et al., 2010). Cool (kù) Western themes have become a major part of popular culture; the Chinese are daily exposed to stereotypically ‘Western’ cool lifestyles through television, cinema and the internet. The growth of cool has been spurred along by the recent Chinese yearning for western lifestyles.
Chinese popular culture, particularly television drama, has influenced Tia's collage (Collage 3). Her interpretation of her collage is that modern cool consumers try to create a different look, surprising everyone especially her middle class friends. This type of consumers does not wear traditional or conventional clothes but adopts a totally new and unusual appearance. The modern Chinese girl in Tia's collage wears high-heeled pumps, short sheath dresses, lots of bling—and shockingly goes on holidays with her boyfriend.

As globalization accelerated, so consumer culture spread from the West to other parts of the world (Featherstone, 1990; Ger et al., 1995). Cool has arguably become a chief source of status in Chinese consumer culture, especially among adolescents and young adults. It is also comprehended as a performance, and like any performance it requires an audience of the group the performer wants to impress—peers, family, neighbours, or social network friends—and props to make it convincing.

*Kù* is also not inherently tied to consumption or brands; for the young Chinese it means shopping on weekends, buying designer luxury bags on *Taobao* (the Chinese equivalent of e-Bay), cruising the luxury shopping malls with friends, rejecting their local styles, bleaching and dyeing their hair, showing off their iPhones, inviting friends to dinner parties, clubbing, and using the latest fashions.

**Conclusion**

Our findings disclose the fact that young Chinese consumers have moved far away from their ancestors’ ideology that a frugal lifestyle is a sign of moral excellence, and belief that luxury is essential, valuable and equate it social status and power. The new cohorts of young Chinese consumers want to show others that they are rich, successful and cool, eat at gourmet restaurants and buy expensive briefcases and watches. They also choose the products they think are right for them. They view ‘luxury’ as a symbol, a demonstration of social distinction and class hierarchy, which a number of economists and sociologists (especially Veblen and Bourdieu) have argued is a Western phenomenon. This research also supports a conclusion that Chinese consumers, enjoying their enhanced net worth, are struggling to develop an elevated taste (Bourdieu, 2010)and demonstrate a seemingly insatiable appetite for Western culture, products and services, which assures them that they are special and have a more exquisite discernment of style (fitting in on the world stage).

Most interesting, though, is the fusion of Western and Confucian values. The preference for foreign luxury branded goods as a result of modern cultural values seems on the surface to conflict with the social environment as proposed by Confucianism (people must learn to act ethically since it is not an original part of their nature). Certainly, some of the young Chinese wanted to be different and stand out, to astonish and even shock their communities. Yet the desire, through the ownership of luxury goods, to win and maintain social approval, to maintain *guanxi*, *rénqing* and *mianzi*—in fact, to fit in—is still the deepest desire of all.

**References**


Abstract
As the Internet becomes deeply embedded into consumers’ daily life, the digital virtual world brings significant influence to consumers’ self and narrative. Prior studies look at consumer self either from a certain online space or comparing consumers’ physical and digital virtual selves but not the integration of the physical/digital world. This paper aims to explore the meanings of the digital virtual space on consumers’ narrative as a whole (their interests, dreams, or subjectivity). We utilise a postmodern concept of the cyborg to understand the cultural complexity, subjective meanings of, and the extent to which the digital virtual space plays a role in consumers’ self-narrative. We conducted in-depth interviews and gathered three consumer narratives. Our findings indicate that consumers’ (cyborg) self-narrative contains important fragments from both physical and digital virtual worlds, forming a feedback loop where physical and digital virtual spaces strengthen and influence each other.

Keywords: consumer self-narrative, digital self, digital virtual space
Track: Consumer Culture Theory

Introduction
Recent research suggests that consumers spend more time on the Internet and from multiple devices, including smartphones and tablets (Nielsen, 2014). According to an American digital analyst company, consumers spend more hours of multiple screen media, consuming and producing more content each year (KPCB, 2014). Increasing connection to the Internet and proliferation of personal digital technologies have fundamentally influenced consumers’ behaviour and construction of their self. Prior studies have examined the self in the digital virtual space (websites, virtual worlds, mobile apps, and so on, that one experiences on/via the Internet or digital) (Bargh, McKenna, & Fitzsimons, 2002; Schau & Gilly, 2003; Zakhariasson, 2010). However, consumer researchers generally either focus on a specific space (the self in an online game; Zakhariasson, 2010) or digital virtual self in comparison to physical self (online vs physical self presentations; Schau & Gilly, 2003). Despite conceptual developments in the integration of the physical and digital selves (Belk, 2013), there is a limited knowledge in the way consumers experience their intermingled physical and digital virtual worlds in the broader context of their life. For instance, the question of the lived, subjective meanings of digital virtual space in relation to consumer self-narrative (e.g., their sense of self, interests, life goals) is still unanswered. This study’s main purpose to address such theoretical caveats is significant because as the digital virtual space becomes more embedded into consumers’ self and continuously accessed (e.g., through portable devices), their subjectivity (a way of experiencing the world in one’s mind) and self-narrative can be altered. An understanding of consumers’ digital virtual space and their self-narrative assists consumer researchers to better understand the current consumption culture of the digital virtual space and how consumers manage their identity projects involving the physical and the digital virtual worlds. In this paper, we explore and draw insights from consumer narratives to understand the ways in which consumers interpret their subjectivity and construct their life-world as their physical and digital worlds become intertwined.
Literature Review

In the following paragraphs, we outline CCT and studies on the self and the digital virtual space. We conclude this section by proposing a conceptual lens that is influenced by the postmodern concept of the cyborg (Giesler & Venkatesh, 2005; Haraway, 1991) as a mode of our interpretation of consumers’ narrative in the hybrid physical and digital virtual world.

Consumer Culture Theory

The CCT research tradition focuses in understanding the cultural complexity of consumption (Arnould & Thompson, 2005). Culture is seen as the signification of subjective experience or action within a particular consumption context (Geertz, 1973). While the scientific nature of CCT has been challenged, such as the limited theoretical contribution due to contextual boundaries and subjective knowledge (Askergaard & Linnet, 2011), cultural oriented works offer meaningful insights into the complexity of consumers’ consumption and their rest of life (Belk, 1987). Studies on consumers’ self have examined various ways in which consumption forges the construction of the self (the essence of who one is) or self-narrative (meaningful aspects of one's life-world that represent who he/she is; Shankar, Elliot, & Goulding, 2001). For instance consumers use possessions to demarcate, synthesise or compromise the diversified selves to attain their desired narrative (Ahuvia, 2005), extend their self to their valued possessions in the workplace (Belk & Tian, 1995), or have different technological ideologies that influence their narrative (Kozinets, 2008). In digital virtual context, Schau and Gilly (2003) explore consumers’ digital self-presentation using digital elements (e.g., brand images) in their personal websites. These studies show consumers as active agents who continually work on their narrative, incorporating symbolic meanings associated with consumption materials. Nevertheless, there is a limited understanding on how consumers integrate digital virtual spaces to construct their overall narrative. The purpose of this study is to extend our knowledge on how symbolic meanings of the digital virtual world become part of consumers’ overall narrative.

The digital virtual space

The digital virtual space broadly refers to one’s experienced space on the Internet containing materials between digital (non-imaginary materials in digital formats, e.g., digital photos, texts) and virtual (imaginary materials, e.g., avatars) (Denegri-Knott & Molesworth, 2010). While earlier studies have proposed distinct characteristics of this space, including interactivity, presence (the subjective feeling of ‘being there’), immersion, and flow (Hoffman & Novak, 1996; Steuer, 1992; Turkle, 1995). Nevertheless, the current digital virtual space presents other aesthetics, such as an aggregated space and liminality. First, we posit that the digital virtual space can be viewed not as a singular space or a certain type of space (e.g., social networking sites), but rather as an aggregated space containing key fragments of consumer self and self-narrative, for instance, a few online games, subscriptions to YouTube channels, and favourite blogs. The experience of these various spaces is subjective and individualised; combined, they significantly contribute to consumers’ self-narrative. Investigating this space as a whole enables us to study the linkages between aggregated digital virtual representations and the ways consumers incorporate these to their narrative. Second, today's digital virtual space represents a liminal or in-between place (Turner, 1964). In this sense, a liminal space is a “state of transition between two or more boundaries” (Campbell, O'Driscoll, & Saren, 2005, p. 346). While the notions of immersion
or flow suggest consumer experience that is being in-between physical and virtual world, liminality poses further ambiguity and inseparability of these two worlds. The proliferation of always-on/always-on-you devices or personal mobile devices with Internet connection (mobile phones, tablets, laptops) have allowed for continuous access to this space (Turkle, 2008). This continuous access to the digital virtual space and the integration of the physical aspects to the digital virtual world mean that the digital virtual space may no longer be experienced as a separate place (being "there"). The blurring distinction between physical and digital virtual becomes a liminal part of consumer life (there/here).

**Self-narrative in a hybrid physical/digital-virtual world**

A central theoretical view of consumers’ self in today’s digital virtual space is the postmodern ideologies of the self. Within the postmodern orientation, we turn to the concept of the cyborg (Giesler & Venkatesh, 2005; Haraway, 1991) to shape our conceptual ideas of consumers’ self-narrative in the physical/digital-virtual world. Haraway (1991, p. 201) embraces the fusion of human and technology and argues that “the machine is not an it to be animated, worshipped, and dominated. The machine is us, our processes, an aspect of our embodiment”. In this sense, the cyborg concept explicates consumers’ self-narrative that incorporates the digital virtual space and visa-versa. Consumers’ self-narrative is a part of the “an ongoing dialectic of existential equivalence” between the physical and the digital virtual (Elwell, 2014, p. 243).

There are four key aspects related to the postmodern cyborg proposed in this study: (1) The self; (2) Hyperreality; (3) Boundaries; and (4) Subjectivity. First, the cyborg concept sees consumers as having multiple and fragmented selves and being liberated from their unified self (Firat & Venkatesh, 1995). For instance, consumers can have multiple and inconsistent selves in different websites. However, we argue that the self can be seen as fragmented but also extended and tethered to the digital virtual space (Belk, 2013; Turkle, 2008). Second, consumers’ perceived reality of their intermingled physical/digital-virtual world is symbolic and dependent on consumers’ own subjective experience and meanings. Baudrillard (1983) refers to this reality as “hyperreality” where real or fiction symbols and signs act as simulation of what is considered as real. Thus, consumer perceived reality can be influenced by the extent of the integration of their hybrid and liminal space. Third, there are blurring boundaries or paradoxes involved with the experience of the digital virtual space, such as physical/virtual, real/fantasy, or natural/artificial (Haraway, 1991). The diminishing of boundaries involved in consumers’ experience (Brown, 1995) suggests that their experience of the digital virtual space is dynamic and transitional (moving between the physical and the digital). Fourth and last, the cyborg connotes that consumer subjectivity involves the individuation and re-empowerment of consumers as individuals rather than a conforming group (Brown, 1995). The celebration of individualism is reflected in consumers’ personalised, autonomous experience of the digital virtual space.

**Table 1. Summary of self-narrative in a hybrid physical/digital virtual world**

<table>
<thead>
<tr>
<th>Key aspects</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>The self</td>
<td>Consumers’ sense of being is not only fluid, multiple, and fragmented (Brown, 1995; Firat &amp; Venkatesh, 1995), but also tethered to the digital virtual space. There</td>
</tr>
<tr>
<td>Subjectivity</td>
<td>Consumers’ individualism, differences, and contradicting selves (Firat &amp; Venkatesh, 1995) are</td>
</tr>
</tbody>
</table>
celebrated through their individualised, personalised experience of the digital virtual space.

**Hyperreality**

The meanings of consumers’ digital virtual spaces depend on their consumption context and own meanings and interpretation. The ‘simulations’ in the digital virtual space becomes a part of consumers perceived reality (Baudrillard, 1983).

**Blurring boundaries and paradoxes**

Consumers can experience blurring of boundaries (e.g., physical/virtual or real/fantasy) (Brown, 1995) particularly as they can continually access the virtual spaces, such as through their portable devices.

Sources: Adapted from Brown (1995) and Firat and Venkatesh (1995)

**Methodology**

We conducted in-depth interviews with three informants (females, aged 26, 32, and 36 years old) who were invited through personal emails or face-to-face invitations. We selected informants who self-identified as having a self on the digital virtual space that they perceived as important to their life and who spent at least 10 hours a week on the Internet for leisure purposes. Interviews lasted between two to three hours. We asked informants about the activities on the digital virtual space they enjoyed most and aspects that they considered important in their lives. The depth of data required is similar to that required by studies that have used a small information-rich sample to examine a consumption culture (Ahuvia, 2005; Kozinets, 2008). Findings were analysed as consumer narratives or cases using hermeneutical process (Thompson, 1997) and compared back-and-forth with literature to develop a meaningful understanding of key themes related to the postmodern cyborg perspective discussed above (Spiggle, 1994). The three consumer narratives are presented next.

**Findings: Consumers' self-narratives**

**Faith's narrative**

Faith is a disabled pensioner and a part-time psychology and social work student. She lives with her cat and is recovering from her eating disorder and mental health illness (anxiety, social phobia). Faith is also deaf in both ears and often feels "cut off from the world", especially when she used to go "in and out" of hospital. Recently, she has experienced significant improvements; she has done volunteer work, started painting and dancing, and recently gone back to study. The digital virtual space represents an important element or phase in Faith's narrative where she is re-building her life: "At the moment, I'm just trying to get my life back...re-doing my life." Faith's aggregated space of Facebook, eating disorder and mental health related websites and blogs, and her own blog has enabled her to feel connected with and help people with similar problems. She says,

*[My online space] has helped me a lot. It's given me a lot of hope when it comes to actually being able to live with a life threatening illness, knowing that other people can. It's allowed me to explore ways in which I can actually make contribution to the world.*

Faith spends a lot of time on the digital virtual space. In this space, Faith’s selves include 'recovering from eating disorder' and also 'supporter and helper for other people' and an activist in this cause. Her sense of self in the physical space is extended and linked to the digital virtual space where she feels empowered to contribute to the world. Her perceived
reality consists of her putting "hundreds of hours" online, chatting to people, sharing her experiences and thoughts on her blog, and reading articles related to events or stories on eating disorder and mental health. The digital virtual space has become embedded in her life as it represents a "window" to people and information, especially as she still has anxiety and likes to keep these people "at an arm's length". Faith seems to experience physical and digital virtual worlds in a dynamic way, moving between both worlds. She enjoys studying, going to counselling appointments, and living on her own, while she can be "important" in the digital virtual space. Faith's personal goal include to help people with mental illness:

*I think I will always have my online world ... It's a way to reach out to the people who otherwise would be isolated because of their own world. And in my future I would want to work with these people so I'm going to need to work with them in a way that I can reach them.*

**Beatrice's narrative**

Beatrice is a high school teacher living with her husband and two cats. She remarks that she has "a lot" of hobbies including computer gaming, poetry and novel writing, editing videos, and doing creative projects such as sewing or making outfits for cosplay (costume play). Being a fan of pop culture, Beatrice has often made costumes and attended pop culture events where she spent money to meet and greet with celebrities and purchase signed photos and merchandises. The digital virtual space represents her interests in gaming and creative expressions:

*For me, that's my downtime you know. Like it's very stressful as a teacher. I'm dealing with kids you know, Miss can I go to the toilet? Miss I can't do this assignment. Miss I don't know what to do. And it's constant and sometimes I just wanna shut myself off from the world and go ok it's time for me to just go somewhere else, be something else.*

Beatrice's aggregated digital virtual space includes her online games (Diablo III), her writing blog, Facebook, and websites related to her TV and movie interests. In these spaces, her multiple and fragmented selves, such as the tough barbaric character in Diablo III, creative thinker and writer, and cosplayer are integrated and considered important for her narrative. The digital virtual space seems to reflect a reality of her own personal interests and aspects that she cannot achieve in the physical space. In viewing her reality, Beatrice mentions that she has an attachment to her digital virtual selves – to be known as "a writer, a philosopher, a thinker". She does not appear to view the digital virtual space as separate but as an integral part of her physical self and everyday life:

*If we had no electricity, and no way to connect like the internet, I would be devastated because that would be like chopping off the umbilical cord, so to speak you know. Because when you think of an umbilical cord, an umbilical cord gives you nourishment and I think that for me, my online life nourishes my physical life.*

**Renee’s narrative**

Renee is a research student and an aspiring academic. She enjoys writing and learning; studying fulfils her "curiosity" and she enjoys "always thinking" about her research. While research and her career in a university are important, Renee also enjoys writing and reading fiction stories. Writing is an important part of Renee's narrative as she can "disappear into it" and “escape the real world”. She would like to become a novel writer, preferably while
working an academic. While her writing activities are done offline, Renee's digital virtual space, including writer websites (NaNoWriMo), writer blogs, reading communities (Goodreads), and reading apps, allows her to connect more with her "writing self".

The biggest part of the writing self that is online is the reading. Reading is really, really, really important if you wanted to be a good writer, so I read a lot. I read blogs, I read e-books that are online, everything I read is up the cloud so I can access it anywhere ... Probably few hours per day...um, usually every chance I get.

Renee's fragmented academic and writer selves can be seen as separated. However, most of her writer self is tethered or linked to her activities done in the digital virtual world. Her individualistic, subjective experience of her reading and writing is strengthened as she could read as many e-books as she wants through multiple platforms (mobile phone and tablet) and improve her writing skills through reading websites and blogs related to writing. Further, Renee's perception of reality is influenced by the integration of her physical and digital virtual space in that reading and interacting with the writing and reading websites have become her everyday life. Renee views her writer self as something that is separate but an integral part of her physical world; her selves are equally "real". In this sense, while Renee sees the boundaries between her physical and digital virtual worlds, she welcomes the ability to easily and continuously "switching" between the two. On her multiple selves, she remarks:

I think they’re the different version of the same person. The writing self is my actual life self. If you put my offline PhD self and my online writing self together, that’s self my actual self wants to be one day.
That's where I’m heading, achieving the goal of both of those selves ... I think they need each other, they need to work together.

Conclusion
This paper aims to understand the subjective meanings of the digital virtual space as part of consumers' self-narrative. The postmodern concept of the cyborg provides a lens to examine consumers' self and narrative as containing both physical space and digital space components (see Figure 1). For our informants, the digital virtual space represents a substantial element in their narratives that the physical space is unable to offer (e.g., Faith’s connection with people who share similar problems) . Our study explores that the selves that consumers consider significant to their interests, goals, or subjectivity are tethered to and nourished in the digital virtual space. However, while consumers’ physical and digital selves are fragmented, they are a part of a feedback loop that influence one another (Elwell, 2014). The selves in the digital virtual space do not replace or are not more important than the physical self. For instance, Beatrice can become “something else” through online games; but digital virtual space is “nourishment”, not preferred to her physical self. Our findings echo studies (Ahuvia, 2005; Belk, 2013) which suggest that consumers’ fragmented self is not liberation from the unified, core self. Rather, consumers view their digital virtual selves as fragments of their narrative. Unlike Ahuvia’s (2005) study, consumers contradictory selves (e.g., Renee’s career and writer selves) are not seen as a challenge, rather, the seemingly contradicting selves work together and can strengthen one another, forming a fuller and richer part of their narrative.
The physical space

The digital virtual space

Conditions:
Fragmented and tethered self
Individualised, dialectic subjectivity
Hyperreality (the physical and the digital virtual worlds)
Blurring boundaries and paradoxical conditions (here/there)

Figure 1. Consumers’ (cyborg) self-narrative in a hybrid physical/digital virtual world

Additionally, we find consumers’ perception of reality is influenced by their subjective experience and aggregated digital virtual space. The digital virtual space can be moulded into containing various aspects of consumers' self that they can “connect” and “disconnect” from their physical space (Giesler & Venkatesh, 2005). For example, Renee’s dream to become a writer is reflected in her love of reading and writing websites. Lastly, while consumers see the boundaries between their physical and digital virtual spaces, they do not feel that one should overcome the other. In this sense, the boundaries between the two worlds are blurry, but also visible and liminal. Consumers see the two worlds in paradoxical and liminal ways (here/there). The concept of the cyborg can serve as an apt lens to view consumers' narrative in the digital age as consumers are connected and tethered to the digital virtual space to strengthen their narrative. This paper contributes the understanding of consumers’ interpretation and construction of a hybrid (cyborg) self-narrative in the digital age.

References


CONSUMER CULTURE THEORY ABSTRACTS
Re-Visiting Ambiguity: A Framework to Explore Complex Transformations

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Abstract

Ambiguity plays a fundamental role in consumer behaviour. Its definitions are dispersed across disciplines and it is often been described as another word for uncertainty. Not with standing few exceptions, ambiguity remains a nuanced and under-developed topic of consumer research. Especially, the role of ambiguity has been overlooked in transformative consumer research. Therefore, drawing from a longitudinal ethnographic study of new family identity formation, we demonstrate how ambiguity emerged as a useful and perhaps essential construct to study role transitions. In so doing, we build on existing cross-disciplinary definitions and re-conceptualise a more inclusive and expansive framework of ambiguity. We define ambiguity as a relatively constructed state of mind as well as a state of being, which is precipitated by uncertainty, multiplicity, naivety, and lack of clarity in situational and contextual specific meanings. We demonstrate how this framework of ambiguity enables better understanding of complex identity negotiation processes during transitions.

Keywords: Ambiguity, Transformative Ambiguity, New Family Formation, Identity Negotiation.

Track: Consumer Culture Theory
How Acculturating Immigrants Perform Touristic Practices as a Form of Capital Consumption

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Abstract

While consumer acculturation scholars have largely treated tourism as a specific form of mobility, this paper conceptualises and explores tourism as a key acculturation practice. Drawing on theories of capital consumption (Bourdieu, 1984; Holt, 1998; Üçok-Hughes, 2012; Üstüner and Holt, 2007) to inform the hermeneutic analysis of two-part depth interviews with 26 Southeast Asian immigrants in New Zealand, this paper shows how the ritualised performance of iconic ‘Kiwi’ experiences enables acculturating immigrants to consume economic, social, and cultural capital. In doing so, this paper demonstrates that touristic practices are key acculturation practices not only for expatriates (Thompson and Tambyah, 1999), but also for long-term migrants. Additionally, because long-term migrants are motivated by capital consumption rather than cultural authenticity, their touristic practices are centred on iconic rather than singularised experiences.

Keywords: acculturation, migration, capital, tourism, hermeneutics

Track: Consumer Culture Theory
Abstract

Our interpretive research examines cross-cultural differences in how the extended self and the extended family-self is experienced. We conducted depth interviews with 15 “Western” (NZ European) families and 14 “Eastern” (Malaysian Chinese and Indian) families, comparing their experiences of sharing individual and group spaces within their homes. Our research reveals that Westerners retreat home to be “me”, dividing their homes into as many discrete individual spaces as possible. They have more relational extended family-selves with parents and siblings preferring to be separate entities in a relational space. Easterners retreat home to be “us”, sharing spaces in a more fluid manner. They have more assimilated extended family-selves, with parents and siblings fusing together, in space and in identity. Our research reveals cross-cultural differences in how extended family-self develops, and nuanced gender differences within cultures.

Keywords: extended self, home, cross-cultural, families

Track: Consumer Culture Theory
Are “Tribes” still Tribes?

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Abstract

This paper takes a fresh look at the phenomena of consumer tribes by reflecting on a traditional tribal system, the Pre-European New Zealand Māori, to uncover tribal structures, and how resources are utilised within a community. We map contemporary conceptualisations of the consumer tribe against that of a traditional tribe and discover interesting parallels. Specifically, we concentrate on the traditional tribal structure and its concept of place to explain the contemporary tribal systems and the creation, retention and distribution of resources in these consumption communities. We propose that tribalism is an appropriate metaphor to explain the integration of people and structure of groups within contemporary societies. As such, it is also possible that the way a traditional tribe’s structures and resources (technical, social and economic) are developed, enhanced, maintained and used by its constituents may explain the similar mechanisms within consumption communities.

Keywords: Pre-European Māori; tribal systems; tribal structures; consumer tribes.

Track: Consumer culture theory
The Luxury Boutique as Intimate Theater

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Abstract

Marketing scholars have argued that retailing is a specific form of theater in which salespeople perform scripted roles. Organizational theorists as well have highlighted that organizations are like theaters and that the very nature of organizing is dramatic. Our work extends this scholarship through an ethnography of luxury boutiques, involving several months of participant observation in various stores. Our findings are consistent with past scholarship highlighting that the luxury boutique is a highly ritualized space of exaggerated theatricality where salespeople personify the brand’s values. Beyond being just brand theaters though, we describe the luxury boutique as a distinctive socio-material set up where salespeople and store design facilitate the building of customer intimacy, which we conceptualize as a process of mutual disclosure. Our findings offer new insights into the tree strategically important domains of 1) brand value and luxury retailing; 2) sales interactions; 3) customer intimacy.

Keywords: luxury; retail; theater; sales management; branding

Track: Consumer Culture Theory
Locating Synthetic Drugs in the Marketplace of Controversial Leisure

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Abstract

Synthetic Drugs [SDs] are increasingly linked to psychotic behaviour, self-harm and deaths among those who take them. What exactly are these synthetics, who is using them, and why? Interviews with 25 young people involved asking questions about why young people take SDs and engage in other risky and controversial leisure activities such as car surfing, condom snorting and drinking to intoxication. Contrary to alarmist reports from the media and health experts which state young people are unaware of the risks associated with engaging in risky behaviours, we found people are aware of health and social consequences associated controversial leisure activities. Our findings suggest young people are mindful consumers – they weigh up their alternatives and engage in those activities that fulfil their desires. Motivational desires found include belonging (fitting in with friends), independence (to build an identity), stability (avoiding the risky) and mastery (pushing boundaries between order and chaos).

Keywords: Controversial Leisure; Synthetic drugs, Intoxicated culture

Track: Consumer Culture Theory
Re-Reading as a Nostalgic and Hedonic Re-Consumption Experience

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Abstract

Nostalgia can be used to maintain self-continuity over time. Both hedonic consumption experiences (such as reading) and material objects (such as print books) can be imbued with nostalgic meaning. Re-reading is therefore a two-dimensional sensory engagement with the past that might perform important identity work for consumers. This paper uses a case study method to explore the roles of these dimensions in consumers’ re-reading experiences. The findings suggest that internal dimensions (such as imagination and remembrance) are more prominent in these experiences than external dimensions (such as engagement with the book as a physical object), indicating little evidence of material possession attachment. This has interesting implications for the theorisation of nostalgia for hedonic products, as well as promising practical implications for the publishing industry.

Keywords: nostalgia, hedonic consumption, material possession attachment, consumer culture

Track: Consumer Culture Theory
“Move it along”: Toward an Understanding of Value Dynamics in Object Circulation

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Abstract

Circulating objects are material items that are continuously physically transferred around places and among members of a group. Despite extensive literature on value and circulation, little is known about how the practices of circulation contribute to changes in the symbolic value of circulating objects. Through a qualitative investigation, we capture the trajectories of a specific group of circulating objects to explore the value dynamics that ensue from object circulation. Analyzed from an object-centered sociality perspective, our data unveil three sets of practices associated with object circulation. These practices move the object to the center of a material-symbolic ensemble while reinforcing relationships among group members, and increasing the symbolic value of the object in the group.

Keywords: Symbolic value, object circulation, practices, object-centered sociality

Track: Consumer Culture Theory
Videographic Expression within Consumer Culture Theory

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Abstract

Videographic research has gained interest in consumer research because video serves as a powerful alternative to the dominant textual media. However, there is a specific case to be made for the relevancy of this methodology within the discipline of Consumer Culture Theory. We use two films to reflexively analyse deeper individual and cultural biases and therefore foreground the limitations as well as the strengths of this methodology. By using two examples, we unpick the power of showing versus telling when dealing with rich and/or emotional content; our analysis also reveals the limitations of videography in communicating complex ideas and analysis. Hence we interrogate the claim that videography as a method retains much of the richness and depth that eludes textually based methodologies by concluding that it can achieve powerful and evocative knowledge but also can benefit from combination with textual detail.

Keywords: Videography; Interpretive research; Challenge to Textual Knowledge; Reflexive Analysis

Track: Consumer Culture Theor
A New Looking Glass: Sharing Photographs Online as a Means of Self-Celebritisation

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Abstract

This paper presents early findings from an ongoing netnographic investigation into the role that photographs play as a means of creating social capital for social media users. By investigating the nature of photograph sharing online this research presents early indications that photography is being used as a means of drawing connections, community engagement, and attention to the photographer, rather than as a means of capturing an important moment. The results show that the huge rise in photography is a result of both the ease associated with taking and sharing photographs, but also because photographs fulfill a key need in aiding social media users draw attention to themselves from an online community. In this way, photographs become the agents of change that mediate a sense of the self-celebritisation of the online photograph sharer.

Keywords: Consumer Culture Theory, Social Media, Photography, Visual Media, Netnography, Online Communities, Narcissism

Track: Consumer Culture Theory
Lifestyle consumption communities: Exploring the concept in relation to sports betting in Australia

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Abstract

The composition, boundaries and structures of consumption communities have attracted debate within CCT scholarship. Recent research has introduced the concept of lifestyle consumption communities to this literature, proposing that consumer commonality that revolves around a lifestyle differs to consumption communities shaped around a specific brand or subculture. To further develop this emerging concept, this study presents an interpretivist inquiry of a lifestyle consumption community based around sports betting in Australia. Through friendship group interviews with fifty young adult non-addicted sports gamblers we identify two key themes. First, that the sports betting community is bonded communally by shared cultural values that collectively manifest sociality and passion. Second, that desired acumen and skill may serve to create conflict and debate amongst the community through negotiations of status and power. In identifying these markers of lifestyle consumption communities we offer an extension to the typology of consumption communities developed by Canniford (2011).

Keywords: lifestyle consumption community, gambling, sports betting, marketplace cultures, transformative consumer research

Track: Consumer Culture Theory
Abstract

Food is an essential part of our daily lives, our economy, our society and our culture. In Australia one in six people work in the food industry, yet this importance does not appear to be reflected in the higher education sector with no food marketing courses offered in any Australian Business School, despite food marketing being an emergent discipline within marketing academe globally. The purpose of this paper is to evaluate the current state of food marketing education in Australia (as compared to the rest of the world) and make a case for developing food marketing offerings in Australian Business Schools. This is done by establishing the role of food in the economy, defining food marketing, highlighting what is different about food marketing, and highlighting challenges and opportunities for developing food marketing courses.

Keywords: Food marketing; higher education; point of purchase; supply chain management

Introduction

Food is a fundamental human need and an essential part of our daily lives. Food is more than sustenance vital for health and wellbeing—it has an important social, symbolic and economic role. Growing, preparing and sharing food is part of our family life, our culture and our society. (National Food Plan White Paper, p. 6, 2013)

The quote above, from the Australian Government National Food Plan, highlights the key role food plays in our lives. The food industry is a core pillar of the Australian economy with $371 million spent on food and beverages daily (DAFF 2013a). One in every six working Australians (ie over 800,000) is employed in the food sector (including production, manufacturing and retail) (DAFF 2013a). Further, food exports generated $30.5 billion for the Australian economy over the 2011-12 period. Currently Australia produces enough food to feed around 60 million people (DAFF 2013a). Australians spend 17 per cent of their average income on food (ABS 2012, cited in DAFF 2013b). Food is a priority area for the Australian government with a recent White Paper (2013) highlighting the need for a more competitive and productive food industry. The importance of the food industry should be reflected in a similarly important role with comprehensive and formalised education focussed on all aspects of the industry including marketing. However, food marketing is a neglected area within the Australian educational sector.

This paper evaluates the current state of food marketing education in Australia (as compared to the rest of the world) and make a case for more designated offerings in food marketing. This is done by establishing the role of food in the Australian economy, defining food marketing, highlighting what is different about food marketing, and highlighting challenges and opportunities for the development of food education in higher education institutions, with a focus on the place of food as an emergent discipline within marketing academe globally.

What is food marketing?
Food marketing happens throughout the value chain from production through to end consumption. From paddock (or pond) to plate, food passes through a series of transformational and logistical stages to be available to consumers. Food marketing encompasses this entire process, from farmer to consumer. A definition of food marketing encompassing all sectors of the food supply chain is proposed by Smith (2005) who states that ‘Food marketing brings together the producer and the consumer. It is the chain of activities that brings food from “farm gate to plate”’. Similarly Lang and Stanton (2013), state that food marketing comprises ‘...the people, processes, and resources that manage and support the production, distribution, and promotion of food and beverage products to the consumer marketplace worldwide.’ This definition covers the full value chain and highlights that marketing adds value for each sector and that all sectors exist holistically to provide for the consumer.

David Thomason, a prominent Australian food marketer, expands on this definition and adds a focus to be considered by industry marketing bodies such as the Fisheries Research and Development Corporation. ‘The fundamental task of marketing is to maximise the wealth in our industry, and to optimise the flow of that wealth through the chain to the people who fund it. The only source of wealth is consumer spending, either directly or through end-users (retailers, restaurants etc.). Therefore, marketing must always focus on the consumer – to influence and promote the five drivers of consumer (food) demand (enjoyment, nutrition, convenience, integrity, value-for-money) that will lead consumers to increase the volume they consume, the prices they pay, or both. Marketing is not simply a fancy word for ‘selling’ or ‘advertising’. It is about influencing the product offering to maximise appeal to consumers, about influencing consumer and perceptions to recognise and appreciate that appeal, and about creating ’buy-now’ stimuli that convert that appeal into hard sales.’ (Thomason 2014)

What makes food marketing different?

The key differences in food marketing compared to other contexts lie in two key areas – consumer behaviour and supply chain issues.

**Consumer behaviour.** Habit and product involvement are two areas which make food marketing different to other contexts. Food consumption (and consequent purchase) is highly habituated, that is a behaviour that is automatically repeated without self-instruction (Honkanen et al., 2005). Habitual behaviours are ‘learned sequences of acts that have become automatic responses to specific cues’ (Verplanken & Aarts, 1999, p. 104) with consumers tending to buy the same foods from the same places. Most consumers have a repertoire of between 10 - 15 meals that they cook on a regular basis (Altintzoglou et al., 2010). This makes it very difficult for food marketers of new, underutilised and unfamiliar products to break into the consumption cycle. With habitual behaviours, such as food purchase and consumption, less information is needed to make decisions and consumption intentions are poor predictors of consumption behaviour. Habitual and low involvement decisions involve very little information search and limited evaluation of alternatives, with decision making stimulated by environmental or situational cues (van’t Riet et al., 2011). High involvement is also evident in food marketing in segments such as organic food and those focussed on health issues. The focus on environmental stimulus is reflected in the importance of point of purchase in food marketing to both break through habitual buying (think in-store tasting of new products, recipe cards etc) and to remind existing purchasers of their regular purchase.

In addition, many environmental trends and marketing approaches are specific to food. Food-related environmental trends include an increasing focus on health issues like weight
management and wellness, the growth of organic and functional foods, food security and sustainability and reducing food waste. Bases for segmentation in food markets often use food-specific criteria, for example socio-cultural changes including an increased number of working women, increasingly time-poor consumers with higher disposable incomes, and a lack of cooking knowledge, skills and abilities have led to a strong demand for more convenient meal solutions (Olsen et al., 2007). Australian consumers appear to be more concerned with convenience during the week, while being more prepared to make an effort or ‘be creative’ on the weekends (Birch & Lawley 2011). All of these food-specific patterns and behaviours are critical for anyone involved in food marketing.

Supply chain issues. All food production begins with agriculture/aquaculture, that is, primary production. Primary production has some key characteristics that add to the complexity of marketing food products. These issues relate to the nature of the product (eg a perishable product, often seasonal, with volatile production) and the nature of the industry (many small businesses, poor information flow, commoditised products). Fresh produce chains are typically characterised by gluts or shortages (due to natural events like storms/droughts) and poor continuity due to the seasonality of fresh produce and seasonal production cycles (Clements et al. 2008, Fearne et al. 2009). Further, fresh produce is often perishable and/or requires specialist refrigerated transport which adds an extra dimension to the logistics management involved within the chain. Logistics are further complicated due to the geographic spread of primary production. While manufacturing businesses are located close to sources of labour and materials, agriculture is often undertaken in regional and remote areas where additional transport costs are involved in getting produce to major centres.

Turning to industry characteristics, the majority of businesses in food production are small businesses, with the agri-business industry characterised by an opportunistic and adversarial trading environment displaying a lack of transparency and trust, poor communication and limited flow of information (Taylor 2006; Bonney et al. 2007; Soosay et al. 2012; Batt 2004). This is further compounded by the growing power of retailers (particularly in Australia where two supermarket chains control over 70% of the market) who look to deal with fewer, larger, technically efficient suppliers, with the emphasis on longer term or even exclusive relationships (Hingley et al. 2006). Often in agribusiness supply chains, little attempt is made to link production decisions with consumer demand at the time when the product would be harvested (Taylor & Fearne 2006). Agricultural industries often lack information linking intrinsic product qualities with customer requirements (Mowat et al. 2000).

Finally, the fresh produce supply chain has been slow to adapt its marketing and merchandising strategies, accepting the fate of the commodity supply chain (Fearne et al. 1999), supplying high volume, unbranded commodity products with little differentiation of products from differing suppliers with a primary focus on price (Hingley 2001, Clements et al. 2008). Commodity sector relationships are generally aimed at lowest cost production typified by “traditionally high levels of adversarial/transactional exchange” (Hingley 2001 p.59).

Why study food marketing?

Food is an essential part of everyone’s lives. The study of food marketing can be justified on three grounds; the significance of the food industry both domestically and globally, contribution to the practice of food marketing and current gaps in theory.

Industry significance. The global food industry is significant economically, socially and culturally. Food security is becoming an issue of global concern. Study of food marketing can
improve food security by encouraging producers to engage in more sustainable production activities and consumers to make more sustainable food choices. The food industry makes a significant contribution to the Australian economy both domestically and through exports.

**Contribution to theory.** Food marketing is of increasing interest to academics. Between 1990 and 2014, a search of ProQuest identified 1,215 articles published in refereed journals with the term ‘food marketing’ in the abstract. ProQuest did not identify articles from four food-focussed journals, Appetite, Food Quality and Preference, Journal of International Food and Agribusiness Marketing and Journal of Food Products Marketing. A surge in interest occurred around 2003 with the annual number of articles increasing from around 37 per year to 61. Figure 1 shows the articles published specifically in 1505 FOR coded journals, with 745 publications from a sample of 28 journals during this period. Several high-ranking marketing journals regularly publish food-related articles. There are few food marketing specific journals and some multidisciplinary food specific journals like Food Quality and Preference and Appetite, all of which while ranked are not high ranking.

![Figure 1 Articles published within 1505 FOR coded Journals (1990 – 2014)](image)

………..Note: the publication total for 2014 was current as of 03/03/14.

**Contribution to practice.** Food marketing plays a critical role in promoting health and influencing the food consumption behaviour of consumers. In an era of increasing health issues including obesity and diabetes, knowledge of how and why consumers purchase food will assist those wishing to promote healthy food choices. Similarly, with many small producers struggling to survive, an understanding of food marketing can assist farmers survive and thrive. While many food producers are price takers and focus on producing better quality and higher volumes of product, knowledge of food marketing could assist in changing their approach from simple production of a commodity to becoming price makers of a differentiated product valued by consumers. Finally, improved food marketing will assist consumers by providing more information to allow better choices. A stronger focus on understanding what consumers value when purchasing food by all value chain members will assist in developing a demand driven (rather than supply driven) approach to food marketing.

**Current offerings and gaps**

A search of all Australian universities identified only two food marketing subjects offered as part of degree programs: one undergraduate subject in ‘Agriculture & Food Industry
Marketing’, offered through a school of Agriculture Food Sciences, which investigates ‘forces of change which influence the marketing environment for agricultural food and fibre products’ (UQ 2014); and the second a postgraduate Master’s subject within a Master of Global Food and Agricultural Business (Marketing) (University of Adelaide 2014). Both offerings take an agribusiness perspective. Looking to one of Australia’s closest neighbours, New Zealand, Lincoln University offers a Bachelor of Agribusiness and Food Marketing, and additionally, the University of Otago offers an undergraduate course, ‘Introduction to Food Marketing’. A quick review of both the UK and the USA indicate a significant number of full degrees at both undergraduate and postgraduate level specialising in food marketing.

An overview of government and industry based food marketing education offerings shows some support for those entering the food marketing industry outside of tertiary education. The Australian Government funds initiatives such as ‘Agrifood Skills Australia’ to ensure that skills and qualifications offered in Australia meet the requirements of the food industry (DAFF 2013b). However, there are no specialised programs targeting the entire food marketing industry. A search on the Australian Government’s website revealed that food-related certificates and diplomas only target specific sectors (e.g. Diploma of Food Processing), and existing marketing courses are generic (Australian Government 2014). Australian food organisations (such as the Australian Food and Grocery Council, Dairy Australia, and the Food Technology Association of Australia) offer various forms of information (e.g. industry overviews), but they do not offer educational courses. The Institute of Food and Grocery Management offer one week intensive courses for middle and senior managers. It is evident that there are significant gaps in food marketing education within Australia, even though demand (as seen within foreign universities) appears to exist.

Formal education (creating pathways into the industry) is needed in an industry where a current ‘low level of interest in agrifood careers could constrain industry growth if the industry does not keep building its skills’ (DAFF 2013b, p.42). Unsurprisingly, skills and experience are sought after by Australian food industry employers. Food sales representatives, production planners and manufacturing/retailing managerial roles usually explicitly require previous industry experience and an understanding of the food industry (SEEK 2014).

**Current trends and issues in food marketing**

With a growing world population and rising incomes, the value of world food consumption is expected to be 75% higher in 2050 than in 2007, with increased demand expected to be strongest in Asia (Linehan et al. 2013). Consumer food purchasing patterns are predicted to change with an increased influence of factors such as nutritional characteristics, production methods (e.g. organics, GMO) and sustainability issues. An aging population will also impact food choices. The Australian food industry structure is changing with numbers employed in production falling and very little value adding after production – unless the Australian food industry can become more innovative in food manufacturing and value adding we run the danger of becoming ‘Asia’s farm’.

The Australian supermarket sector is becoming more competitive with entrants like Aldi and Costco challenging the duopoly of Woolworths and Coles. The supermarket rather than the specialist retailer is becoming the outlet of choice for more consumers, for example, in relation to seafood; in 2009, 65% of seafood was bought in supermarkets with 18% bought in speciality retailers (Danenberg & Remaud 2010). In less than two years this had changed to
68% of seafood purchased in supermarkets with a corresponding decrease in speciality fish shops to 15% (Danenburg & Mueller 2011).

Supply chain partnerships are becoming more important as producers need to collaborate to form trading partnerships. This has represented a challenge to primary industries such as fishing or farming, which are deeply suspicious of major retailers and are wary of retail domination (Hughes et al. 1996, Hingley 2001). Associated with supply chain issues, traceability is of increasing importance, often driven by the needs of regulation and food safety, but also by consumer interest in knowing where their food has come from.

Conclusion

Food marketing is an emerging discipline with a strong future. The food industry plays an integral role in the Australian economy. The manufacturing and retailing industries continue to strengthen, whilst the production industry is currently experiencing a decline in employment. In spite of this, Australian tertiary institutions offer only two courses covering food marketing, both from an agribusiness perspective. These courses fail to overview the food industry comprehensively from a marketing perspective. The question must be asked as to why such limited offerings are available in Australia considering the critical nature of the industry. Overseas tertiary offerings indicate a demand for such courses, often integrating practical components such as industry work placements. Such opportunities would give Australian graduates better employment prospects, with a variety of employers desiring work experience. The absence of food marketing education creates a potential skill deficiency. The introduction of more food marketing education programs throughout Australia will ensure that the industry has a sufficient skillset to guarantee a more prosperous industry in the future.

References


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Towards Natural Food Production Processes: Exploring Adoption Determinants from a Marketing Perspective

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Abstract
We provide a theoretical model to understand how firms can apply biomimciry principles to restructure their food production processes from controlling and exploiting to mimicking nature. We propose a radically different way of meeting consumer demand through an ecologically sustainable, largely self-sufficient food production process: natural farming. We argue that the adoption of natural farming and similar more natural production processes is contingent upon changing consumer behaviour and supporting marketing strategies.

Keywords: natural production systems, farming, biomimicry, consumer behaviour, marketing strategies
Track: Food Marketing/Social Marketing

1.0 Introduction
Pressures on firms to fulfil broader social and environmental goals are mounting; it is not enough anymore to turn a profit (Hassini et al., 2012; Aguilera et al., 2007; Davies, 2003; Freeman et al., 2001). In pursuit of these broader goals firms are increasingly embracing sustainable business processes. Most environmental efforts, however, are still regarded either as corporate social responsibility (CSR)—a burden divorced from business objectives—or as peripheral activities of small product development teams (Nidumolu et al., 2009). Consequently, progress has been slow, with corporations failing to radically change their production processes.

To address this problem and to respond to increasingly fervent calls to fundamentally restructure our production and marketing practices towards more sustainable and ecologically sound processes (Ferrão and Fernández, 2013; Kotler, 2011), in this study we explore an alternate food production method. This alternative is referred to as natural farming—a food production system based on mimicking nature, rather than controlling it. This system is based on the principles of biomimicry—the imitation of natural models, systems and elements to solve human problems—rather than the dominant paradigm of industrialised mass manufacture and goods distribution. We argue that natural production systems hold the potential to lead the way to a more sustainable world without compromising firm’s success and long-term economic survival.

Natural farming is a form of ecological farming that is based on treating the farm as a complete ecosystem that only requires a minimum of artificial inputs and equipment. This approach to food production is based on the notion that we can build (food) supply chains that embrace a fundamentally different paradigm of what we could stop doing to re-establish a more natural ecological balance rather than what else we could do (Benyus, 2009).

Yet what are the adoption determinants of natural farming? In exploring this research question, we develop two main interrelated propositions. We illustrate how (a) changing consumer behaviour and (b) marketing strategies can act as an agent of change in firms’ shift...
towards more natural production processes. In doing so, we go some way towards providing a
guideline from a marketers’ perspective on how and when to restructure their production
processes to “meet present needs without compromising the ability of future generations to
meet their own needs” (Brundtland-Commission, 1987, p.24).

2.0 Background

2.1 Why do we need more natural food production processes?

The agricultural sector plays a crucial role in the development of any economy; indeed,
farming has been touted as the backbone to a socially and economically stable nation that
provides food and employment to many of its people (World Employment Report, 2004-05).
But why do we need an alternative way of producing agricultural output?

Because much of our current agricultural practices are unsustainable (Goodland, 1997).
The environmental consequences of traditional farming are mounting and challenging our
ability to continue producing food for future generations. By definition, farming disturbs the
natural soil processes including that of nutrient cycling—the release and uptake of nutrients
(Bot and Benites, 2005). Many historians of agriculture claim that in our quest for
productivity, control, and mass production “we isolated plants from mixed species groupings,
narrowed their genetic diversity, and gutted the health of their soil” (Benyus, 2009, p.14).
Topsoil is no more renewable than crude oil; once eroded it can take thousands of years to
rejuvenate. In less than one century of farming the prairie soils of North America, more than
one third of topsoil and up to 50 per cent of its original fertility have been lost (Soule and
Piper, 1991). Further, leaching pesticide residue has made agriculture the number one
polluting industry in developed countries (Soule and Piper, 1991). “Since 1945 pesticide use
has risen 3,300 percent while overall crop losses to pests have increased 20 percent (Benyus,
2009, p. 18)”. These findings indicate that traditional means are limited in their ability to
improve food supply and whatever scope there is to do so will likely further damage the
environment (Goodland, 1997). Indeed, the modern, industrial approach to farming has
involved tearing apart the very mechanisms of nature that have sustained us for centuries. If
we are to feed the ever-growing global population, food production processes need to change
and become more sustainable.

2.2 Natural farming—what is it and how does it work?

Natural farming is a more sustainable production system that aims to design local
diversified polycultures that behave more like a wild prairie than our monocultures, while remaining
predictable enough in terms of seed yield to be feasible and profitable for agriculture
businesses. Natural farming has the potential to reverse soil depletion and the destruction of
farmland as it takes us back to a more ecological way of growing and cultivating crops,
mimicking the processes found in the wild. Natural farming challenges conventions that are
core to modern agro-industries, and differs from conventional organic farming, which still
largely relies on technology-based, industrial innovations and processes that intend to tame,
control, and dominate natural ecosystems (Fukuoka, 1985).

Following the principles of biomimicry—the imitation of the models, systems, and
elements of nature to solve complex problems—natural farming mimics the way in which
nature uses outputs as inputs and creates cycles of interrelated processes. In these cycles,
waste products of one system become the input for another. Thus, natural farming is based on
a framework that shifts industrial systems from linear production processes to cyclical ones
that more closely resemble the flow of natural ecosystems (Bakshi and Fiksel, 2003).
The governing principles of this farming method have been successfully applied in many different countries and climates; it is already applied in approximately one million acres in China (Benyus, 2009). The core benefit of this system is that the land can be used without being used up, and yield can be consistent.

This production method is appealing in part due to its ability to account for all material and energy streams in a consistent steady-state, where synergistic plant arrangements complement and bring out the best in each other for a more productive and sustainable food production process. As such, this approach embeds sustainable processes into the very core of company strategy to impart economic, social and environmental benefits (Weaver et al., 1999). Implicit in such an arrangement is the belief that it is possible to reduce the environmental impact of industrial activities and to support systems that more effectively use ecological resources (Shrivastava, 1995). For more on the benefits of this approach and how it can achieve optimal agro-ecosystems that are socially, ecologically and economically sustainable we refer interested readers to the United Nations Food and Agriculture Organisation report (see fao.org/docrep/009/a0100e/a0100e01.htm).

3.0 Conceptual framework and proposition development

3.1 What are the adoption determinants of natural farming?

The factor most likely to lead to natural farming adoption is changing economic conditions. “When the way farmers (or anyone else, for that matter) have been doing things becomes economically uncomfortable, they will be eager to try something new” (Benyus, 2009, p.47). Traditional farming methods may not be economically viable for much longer. However, instead of focusing on the wider economy and ecosystem, or firm-internal factors such as managers’ financial position or focus on near-term profitability, in the following we aim to explore the adoption determinants of natural farming processes from a marketers’ perspective. More specifically, we first explore the importance of evolving consumer behaviour (Proposition a); we then proceed to explore marketing strategy’s role as an agent of change in the development of alternate production systems (Proposition b).

3.2 Changing consumer behaviour

Ultimately, the market will dictate any lasting shift in business processes. However unsustainable most production processes currently are, it is in the end only our own prosaic consumption patterns that have created them (De Botton, 2010); by the same token, changing consumer behaviour can reverse them. Consumption patterns have indeed begun to shift to more humble and conscious behaviours that, in many ways, marketers still have to come to terms with. Traditionally, marketers not only encouraged consumers’ (unlimited) consumption, but also operations and production processes operating under the assumption that the planet’s resources are infinite and should be explored in the pursuit of profit. Yet, pressures for changing business practices will likely continue to come from more conscious consumers who are more and more concerned about how companies meet their social responsibilities (Kotler, 2011; Ramasamy et al., 2010). Consumers have already begun to buy less and when they do make a purchase, they are choosing more sustainable products (Buechner et al., 2014). De-marketing has fuelled this process and extends way beyond initial attempts of reducing, for instance, water consumption in times of rainwater shortages (Kotler and Levy, 1971).

According to the hedonic treadmill theory, many consumers want to step off the
vicious cycle of wanting even more each time they make more money or acquire new things. “There are reports of households that have chosen to move to a “less is more” lifestyle as a result of environmental consciousness (Kotler, 2011), which coincides well with the ‘less is more mantra’ of production systems found in natural farming. It appears a fundamental shift is unfolding in consumer consciousness, where people are recognising that the traditional ways of doing things are no longer sustainable nor making them happy and are actively seeking alternatives.

3.3 Strategic marketing support

The environmental agenda and changing consumer behaviour has a profound influence on marketing theory and business practice. However, for these factors to enable more natural production processes, we need the right strategic marketing decisions to support the changing consumer behaviour we are observing. Thus, companies need to make drastic changes not only to their production processes, but also to their supporting marketing practices if the goal of sustainability is to be realised without compromising firms’ long-term profitability (Kotler, 2011).

The change to more natural production processes entails a shift from a *modus operandi* that views customers as a means to an end (i.e., the sale of a product) to one that regards them as a means of learning about societal needs and how firms can shape and satisfy these needs in a sustainable and responsible way “to mitigate the deadening, uniquely modern sense of dislocation between the things we so heedlessly consume in the run of our daily lives and their unknown origins and creators” (De Botton, 2010, p. 47).

If a sufficient number of consumers adopt alternative consumption patterns, marketers will be compelled to respond and proactively support and shape these processes. The mainstream media outlets are also increasingly alert in exposing unsustainable practices and the continued growth of social media makes firms vulnerable to consumer resentment of unsustainable practices. Together, these forces will likely play a positive role in helping firms rethink their production processes, and how they distribute and promote these practices and produce genuine two-way conversations with the marketplace.

Strategic marketing support also consists of an understanding of lifecycle implications, including potential initial difficulties such as low demand or funding drops in the early commercialisation phase. Funding drops following initial research are common in the development of new technologies—often dubbed the ‘valley of death’ where research efforts remain just that, efforts (e.g., Markham et al., 2010). Despite the outlined growing consumer demand for natural produce, firms adopting natural farming will likely face similar difficulties and should target only market niches. Once the production methods and its output gain traction in the marketplace (in the growth stage of the product lifecycle) firms can begin to differentiate their products and target larger consumer segments. Supported by evidence that most consumers are eventually willing to pay more for offerings that are produced in an environmentally friendly way (Diamond, 2004), we argue that sales will then likely increase and allow firms to establish economies of scale and reduce their prices.

Further, social marketing efforts will be required to support the move toward more sustainable productions; indeed there are growing numbers of “professionals working around the world in government and non-government agencies responsible for influencing behaviours that protect the environment” (Kotler, 2011, p. 135). Together these forces could significantly alter the marketplace and act as a driver of natural production processes.
**Proposition (a-b):** Corporations’ successful adoption of natural production processes is associated with (a) an increasing consumer shift towards more conscious consumption patterns and (b) strategic marketing support that fuels these more conscious consumer behaviours.

### 4.0 Discussion

We provided a theoretical model to understand how firms can apply biomimicry principles to restructure their food production processes from controlling to mimicking nature. In this effort we proposed natural farming as an example of a different way of meeting consumer demand through an ecologically sustainable, largely self-sufficient food production process. We further argue that there are two adoption determinants that can act as facilitators along the way. Next we briefly discuss our theoretical and practical implications.

#### 4.1 Theoretical and practical implications

“Increasingly, companies and management scholars are being challenged to develop breakthrough strategies that actually resolve social and environmental problems, rather than simply reducing the negative impacts associated with their current operations” (Hart and Dowell, 2011, p. 1476). Indeed, organisations should be reformed, redesigned, and restructured to minimise their negative ecological impacts (Shrivastava, 1995). Yet, despite many similar calls for bold action and innovation, most firms continue to merely focus on incremental sustainability-related efforts such as designing eco-friendly products or reverse logistics (Zhu and Sarkis, 2004).

Our research goes beyond these efforts and delineates an innovative new and more sustainable way of producing foods, which, following the advice of CSR scholars (Margolis and Walsh, 2003), helps us develop new research questions and underlines the need for empirical data collection to test and elaborate the proposed relationships. Ultimately, our goal is to lead organisations towards more socially responsible practices, and create social change without abdicating economic success.

### 5.0 Future Research Directions

Our research helps address many issues regarding natural production processes, but it also raises several questions and avenues for future research. First, the natural production processes model should be extended beyond the agricultural context. What industries can adopt the natural production principles, to what extent, and at what cost? Do the same adoption determinants come into play across industries? We only discussed a limited number of forces that will shape the development and adoption of alternative production processes; there are many more, particularly as we extend the framework beyond the agricultural sector. We have, for instance, not discussed government legislation, taxes, regulators, incentives and so forth. These additional factors will be crucial in shaping natural production processes and will play a major role in determining their success in the marketplace.

Second, other models have been discussed in the literature as potential solutions to various environmental issues. For example, Goodland (1997) proposed a food conversion efficiency tax where the least efficient converters (pork, beef) would be highly taxed, other foods moderately, and grain for human consumption not at all (with coarse grains even being modestly subsidized). This and similar proposals that relate to influencing consumption patterns should be explored in their usefulness as complements of more natural production systems.
Finally, we did not collect any data; our study is but the starting point for many empirical projects. Similar projects could, for instance, explore in more detail the implications of adopting different production systems. For example, in addition to a number of benefits to the environment, and differentiated products, these production changes could also support the creation of culturally embedded local jobs, which are less “vulnerable to being transferred to the “low wage” economy, country, or region of the moment that most “efficiently” produces the commodities purchased around the globe” (Ferrão and Fernández, 2013, p. 10).

Clearly, much work remains to be done in this area. We strongly encourage scholars to continue challenging common beliefs about what production and other business processes should look like; many outdated beliefs and notions needs to be cleared out to make room for a new paradigm based on more environmentally sustainable economic activity.

References


Local Food Purchasing: Balancing Egoistic and Altruistic Motivations

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Abstract
Local food purchasing has been linked to egoistic motivations such as concern for health and safety, as well as altruistic motivations, such as concern for the environment and ethical consumption. Indeed, today's more mindful consumers are changing their attitudes toward food consumption in an attempt to balance egoistic and altruistic motivations. This study investigates the relative importance of egoistic versus altruistic motivations in influencing attitudes toward, and purchase frequency of, local food. Findings reveal ethical self-identity, health consciousness and food safety are positively associated with favourable attitudes toward local food, propensity to buy local food, and interest in food traceability. Ethical self-identity and health consciousness influence purchase frequency, while food safety and environmental concerns do not.

Key words: local food; altruistic; egoistic; ethical self-identity; health consciousness; food safety; environmental consciousness
Track: Food Marketing

1.0 Background

Consumers are becoming increasingly disengaged by distant and impersonal global industrialised food production and distribution systems (Hinrichs, 2000; Kneafsey, Cox, Holloway, Dowler, Venn, Tuomainen, 2008). Many are concerned by the negative consequences and lack of transparency surrounding the industry, including environmental impacts, sustainability and concerns about health and food safety (e.g. Eden, Bear, and Walker, 2008). Across the globe, this growing lack of trust in the dominant agro-industrial food paradigm, due in part to a number of food safety crises, has led to a consumer backlash whereby many consumers are now sourcing more local food (Chambers, Lobb, Butler, Harvey, and Traill, 2007). A review of the extant literature reveals numerous drivers and barriers influencing local food purchasing (e.g. Megicks, Memery, and Angell, 2012) which aim to understand why consumers consume local food. Whilst these studies focus on uncovering the main reasons behind consumer decisions with regard to local food (e.g. SERIO, 2008), research into the types of motivation underlying these decisions has received rather less attention. Therefore the focus of this paper is on the role of egoistic and altruistic motivations in local food consumption and how they affect attitude and purchase frequency of local food.

2.0 Factors driving the purchase of local food

Local food purchasing can be viewed as a global phenomenon, with similar drivers of local food purchasing being seen across international boundaries. UK consumers select local food for better taste, to support local growers, reduce environmental damage, patriotism, freshness, safety and better quality (Kemp, Insch, Holdsworth, and Knight, 2010); critical drivers for US consumers are freshness, taste, quality, food safety, support for local farmers, variety, environmentally friendly, and organically grown (Troop, 2014); Australian consumers consider key drivers to be freshness, flavour, support of local production and traceability (PIRSA, 2010). A number of food choice studies have centred around
motivational and attitudinal influences on consumption behaviour that have helped further understand consumers food buying behaviour generally (e.g. Shepherd, 1990), as well as in relation to specific food types e.g. organic produce (e.g. Kriwy and Mecking, 2012) and genetically modified food (e.g. Burton, Rigby, Young, and James, 2001). Whilst these have established the main ‘drivers’ behind consumers decisions to purchase local food, they do not go further to establish the types of motivation underlying these decisions i.e. egoistic and altruistic.

3.0 Egoistic versus altruistic motivations influencing the purchase of local food

Past studies indicate differences in the types of qualities/benefits most influential in consumers’ local food purchasing decisions. Knight (2013) found intrinsic qualities associated with egoistic motivations were the most important, with social benefits associated with altruistic motivations to be of secondary importance. MacMillan Uribe, Winham, and Wharton (2012) support this by revealing consistent supply of safe and nutritious quality (egoistic), followed by local support for farmers and being environmentally sustainable (altruistic) as key advantages of community supported agriculture membership. Dukeshire, Garbes, Kennedy, Boudreau, and Osborne (2011) found key factors influencing food purchasing decisions to be taste and nutritional value, followed by locally grown, price, ease of preparation, and organic. Conversely, other studies have found that the social benefits associated with altruistic motivations, including support for local farmers/producers/retailers (Birch, 2012), ethical consumption, and concern for the environment (Megicks, Memery, and Angell, 2012), are the most important considerations when purchasing local food. The purpose of this study is to explore the role of egoistic and altruistic motivations in local food purchases. Hence it focuses on key qualities and benefits identified through the literature as being linked to these motivations: health consciousness, food safety (egoistic); environmental concern, ethical self-identity (altruistic).

Health consciousness concerns the extent to which a person is aware of, and concerned about, their health and the health of those close to them. It reflects the willingness of a person to engage in healthy behaviours and undertake actions directed at improving their health, quality of life and well-being (Michaelidou & Hassan, 2008). Health involvement or interest in eating health foods is closely correlated with food consumption and has been found to be a key driver of local food consumption (Weatherell, Tregear, and Allinson, 2003). Food safety has become an increasing concern for many consumers in terms of the use of, for instance, artificial additives, (Yee, Yeung, & Morris, 2005) as well as concerns associated with genetically modified foods (Evans & Cox, 2006). Local food for many is associated with being ‘natural’ and ‘wholesome’ therefore its purchase has been linked with intrinsic qualities related to reduced food safety risks (Peters, Bills, Wilkins, and Fick, 2008). Environmental issues have been a concern for consumers over a number of decades, with past research suggesting attitudes toward the environment may predict food choice and sustainability-related behaviours (e.g. MacMillan Uribe, Winham, and Wharton, 2012), especially where a product can be associated with reducing impact on the natural environment. Ethical self-identity refers to the extent to which a consumer is driven by ethical motives, e.g. fair prices, when making consumption choices (Shaw & Shiu, 2002). Particularly, ethical values are found to be associated with the consumption of local food (McEachern, Warnaby, Carrigan, and Szmigin, 2010) and organic foods (Honkanen, Verplanken, and Olsen, 2006).

4.0 Hypotheses
The role of egoistic motivations associated with health consciousness and food safety, and altruistic motivations linked to ethical self-identity and environmental consciousness are studied in line with attitude, purchase frequency, interest in traceability, and propensity to buy based on the synopsis that if a consumer is more concerned with a particular issue (favourable attitude) then they will be motivated to behave in a particular manner. Thus it is proposed: \( H1 \): Purchase frequency of local food is positively associated with (a) egoistic and (b) altruistic motivations; \( H2 \): Favourable attitudes toward purchasing local food are positively associated with (a) egoistic and (b) altruistic motivations; \( H3 \): Interest in traceability of food is positively associated with (a) egoistic and (b) altruistic motivations; and \( H4 \): Propensity to buy local food is positively associated with (a) egoistic and (b) altruistic motivations.

5.0 Methodology

An online survey was administered to 677 Australian grocery shoppers in South East Queensland. Respondents were over 18 years of age and the main/joint decision maker in food shopping decisions for the household. Of those responding, 57% were female, 36% were aged 55 years+, 24% were aged 45-54 years, 23% were 35-44 years, 12% were 25-34 years, and 5% were 18-24 years. Health consciousness (3 items) and food safety (3 items) were measured with scales borrowed from SERIO (2008). Six items adapted from the New Ecological Paradigm scale (Dunlap, Van Liere, Mertig, and Jones, 2000) measured ecological attitudes. Ethical identity (3 items) was taken from SERIO (2008). Favourable attitudes toward purchasing local food were measured on five items (“Overall, I feel that I should buy local food and beverage,” “People who are important to me would approve of me buying local food and beverage,” “Buying local food and beverage would be easy,” “Buying local food and beverage would be favourable” and “I would feel good if I buy local food and beverage”). Two additional statements designed to measure “propensity to buy” local food (“When purchasing food and beverage, I specifically look for local food and beverage to try”) and “interest in traceability” (measured with the statement “I am interested in learning about where the local food and beverage I eat comes from and how it is grown and/or produced”). Items were measured on a 7-point Likert scale (strongly agree—strongly disagree). Purchase frequency was measured on a 6-point scale (never—frequently).

6.0 Analysis and results

Items were tested for the basic assumptions of multivariate analysis (Schumacker and Lomax, 2004) after which Confirmatory Factor Analysis was conducted (Table 1). The CFA revealed a four factor solution with more acceptable sampling adequacy (KMO = .63; df = 66; \( p = 0.00 \)), which accounted for just over 83% of the total variance (see Table 1). These factors were interpreted as ‘health consciousness’ ‘ethical self-identity’, ‘food safety’ ‘environmental consciousness’, and found to be supportive of factors identified in previous studies in the area. Respondents were grouped into three categories: never or infrequently purchasing local food (25.7%); neither frequently nor infrequently purchasing local food (36.8%); and purchasing local food frequently to very frequently (37.5%). The relationships between egoistic and altruistic motivations and attitudes toward local food were investigated using an aggregated mean for ‘favourable attitude’. Two measures, ‘propensity to buy’ local food and ‘interest in traceability’ were also included.

Table 1: Factor analysis for factors influencing local food purchases
Statements                                                                 | HC  | ES-I | FS  | EC  |
---                                |-----|------|-----|-----|
I am very conscious about my health and the health of others for whom I shop in the household | .809 |      |     |     |
I take responsibility for the state of my health and the health of others for whom I shop in the household | .849 |      |     |     |
I am very involved with my health and the health of others for whom I shop in the household | .876 |      |     |     |
I think of myself as an ethical consumer                                                                 | .887 |     |     |     |
Ethics are important to me when making buying decisions                                                                 | .899 |     |     |     |
I think of myself as someone who is concerned about ethical issues                                                                 | 882  |     |     |     |
The safety of food nowadays concerns me                                                                 | .824 |     |     |     |
Nowadays most foods contain residues from chemical sprays and fertilizers                                                                 | .866 |     |     |     |
I am very concerned about the amount of artificial additives and preservatives in food | .665 |      |     |     |
The balance of nature is strong enough to cope with the impacts of modern industrial nations | .876 |      |     |     |
The so-called ecological crisis facing human kind has been greatly exaggerated                                                                 | .853 |     |     |     |
Humans have the right to modify the natural environment to suit their needs                                                                 | .795 |     |     |     |

Variance explained (%)                                                                 | 47.85 | 16.92 | 12.28 | 6.08 |
Cronbach’s coefficient alpha                                                                 | .94 | .93 | .87 | .80 |

HC = Health Consciousness; ES-I = Ethical Self-Identity; FS = Food Safety; EC = Environmental Consciousness

ANOVA reveals that people who purchase local food more frequently score higher on ethical self-identity ($F=7.37, \ p = 0.01$), health consciousness ($F = 6.12, \ p = 0.01$) and food safety ($F=3.35, \ p = 0.04$). No statistically significant differences with respect to environmental consciousness across the three purchasing frequency groups were evident. ANOVA reveals that people who purchase local food more frequently are more likely to have favourable attitudes toward purchasing local food ($F=53.12, \ p = 0.00$), greater propensity to buy local food ($F=59.67, \ p = 0.00$), and are more interested in traceability ($F= 25.20, \ p= 0.00$). Bivariate correlations were calculated to assess the strength and direction of association between the variables (Hair, Black, Babin, Anderson, and Tatham, 2009). Purchase frequency is moderately associated with propensity to buy local food (0.39), favourable attitudes (0.37) and interest in traceability (0.26), and weakly associated with ethical self-identity (0.17), and health consciousness (0.16). Ethical self-identity is moderately associated with health consciousness (0.57), interest in traceability (0.50), concern for food safety (0.46), favourable attitudes (0.42) and propensity to buy (0.34), but only weakly associated with environmental consciousness (0.17) and purchase frequency (0.17).

Linear regression analysis reveals a very weak relationship ($Adjusted \ R^2 = 0.04$) between the egoistic and altruistic variables and reported purchase frequency (see Table 2). This weak relationship may be partially explained by the multiplicity of factors (drivers and barriers) influencing local food purchasing, as well as, the overall very low levels of purchase (Birch, 2012; Knight, 2013). Ethical self-identity is the strongest predictor of reported purchase frequency, followed by health consciousness. Previous studies have focused on the
benefits of reduced food safety risks (Peters, Bills, Wilkins, and Fick, 2008) and being kinder to the environment (Tregear and Ness, 2005). However, in this study concern for food safety and environmental consciousness are not associated with reported purchase frequency.

Table 2: Regression Analysis

<table>
<thead>
<tr>
<th>Variable</th>
<th>Adjusted $R^2$</th>
<th>Ethical t-value</th>
<th>Environmen t t-value</th>
<th>Health t-value</th>
<th>Food Safety t-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Frequency</td>
<td>0.04</td>
<td>3.87**</td>
<td>-1.66</td>
<td>3.33*</td>
<td>0.66</td>
</tr>
<tr>
<td>Favourable Attitudes</td>
<td>0.24</td>
<td>9.33**</td>
<td>-0.32</td>
<td>8.89**</td>
<td>6.93**</td>
</tr>
<tr>
<td>Propensity - Specifically look for local food to try</td>
<td>0.15</td>
<td>8.00**</td>
<td>-3.01*</td>
<td>5.94**</td>
<td>4.33**</td>
</tr>
<tr>
<td>Traceability - Interest in where and how food is grown/produced</td>
<td>0.31</td>
<td>12.32*</td>
<td>-0.28</td>
<td>10.31*</td>
<td>7.25**</td>
</tr>
</tbody>
</table>

**p > 0.01  *p > 0.05

A slightly stronger relationship (Adjusted $R^2 = 0.24$) was found between egoistic and altruistic motivations and favourable attitudes toward local food purchasing, with ethical self-identity being the strongest predictor, followed by health consciousness, and food safety concerns. Environmental consciousness is not associated with favourable attitudes toward purchasing local food. A weak relationship (Adjusted $R^2 = 0.15$) was found between propensity to purchase local food and the four egoistic and altruistic motivations. Once again, ethical self-identity was the strongest predictor followed by health consciousness, food safety, and environmental consciousness. A moderate relationship (Adjusted $R^2 = 0.31$) was found between traceability and the four factors. Ethical self-identity was found to be the strongest predictor of interest in traceability, followed by health consciousness, and food safety. Environmental consciousness is not associated with interest in where local food is grown or produced. Overall this analysis resulted in support for four of the proposed hypotheses (H1a, H2a, H3a, H4a), and partial support for the others.

7.0 Conclusions

The aim of this research was to understand further the types of motivations behind local food purchasing behaviour, and identify the balance of egoistic motivations against altruistic motivations. Results confirm previous research that, within this market, consumers base their consumption decisions on both reasons of self-interest and those that ‘do good’ for the wider community. It extends the literature further by establishing that not all motivations are equal in importance, and that a ‘trade-off’ does take place, with the altruistic motivations relating to ethical self-identity being the strongest indicator of local food purchase, although the egoistic motivations of health consciousness and food safety also play an important role. Generalisability of the study’s findings are limited due to it being undertaken in a specific geographical area, hence findings may differ across other contexts. However this provides an exciting avenue for further research.

References


The Challenge of Marketing Clean and Green:  
Review of Research on Australian Organic Food Consumers

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Abstract
Over the last 50 years certified organic food has developed into the most visible global brand for a healthier and more environmentally sustainable food choice for consumers. This paper provides an overview of key academic research on why Australian consumers are buying organic products and what is preventing them from purchasing more. It concludes that there are many industry specific issues such as questions regarding the visibility and credibility of the organic brand, high prices, and a diverse constituency of commercial participants. However the key marketing challenge, which is shared with many other industries, is to convince consumers in a cost effective manner of superior ‘value’ relative to substitute products. In addition there are a number of methodological issues associated with this body of research that limit the development of useful insights for industry players.

Key words: marketing, organic food, consumer choice, Australia
Track: Food marketing

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1.0 Introduction
Emerging concerns with global population growth, food security and environmental degradation have highlighted the inadequacies of conventional agricultural systems. Organic agriculture has emerged over the last 50 years and is now recognised as a viable alternative food provisioning model (Pearson 2012). Rather than focusing on high short-term productivity, which requires significant chemical and nutrient inputs, organic food production places value on the long-term health of ecological systems (Pearson 2012). The following definition of organic agriculture was developed by the International Federation of Agriculture Movements:

Organic agriculture is a production system that sustains the health of soils, ecosystems and people. It relies on ecological processes, biodiversity and cycles adapted to local conditions, rather than the use of inputs with adverse effects. Organic agriculture combines tradition, innovation and science to benefit the shared environment and promote fair relationships and a good quality of life for all involved. This is manifest in four principles namely Health, Equality, Fairness, and Care (IFOAM 2012).

These principles extend beyond farming practices to encompass the whole supply chain. In this way, the organic movement advocates a paradigm shift for the entire food system in which all activity associated with food production, distribution, retailing and consumption is underpinned by a concern for human and environmental health (Pearson 2012; Pearson & Rowe 2012).

Global sales of organic products are now over $US60 Billion and have been increasing at around 10% per annum over recent decades (Willer & Lernoud 2014). It is claimed that
consumer demand will continue to drive growth. Interestingly fruits and vegetables, with their natural affinity in a healthy diet, are the largest segment, accounting for around one third of total sales (ibid). However, despite improved product availability and recognition by consumers of the benefits of organic products, they still only account for 1% of all food sold in Australia (Monk et al 2012). If the market share of organic products is to increase further, it will be crucial to identify consumer defined barriers and effective ways of marketing to overcome them (Lockie et al 2006).

This paper begins with a review of the research on organic products and their distribution, including the accessibility of retail outlets and the availability of individual products. It then provides an overview of what is known about who buys organic products and why. This analysis highlights a number of methodological issues and discusses notable marketing challenges associated with product distribution, pricing, and branding.

2.0 Organic products and their distribution
Due to the development of sophisticated organic supply chains it is now possible to purchase most food products in an organic form throughout Australia. This has been achieved with improved production knowledge and widespread distribution. For example, many supermarkets include organic options in all the major fresh fruit and vegetable lines, meats – beef, lamb, chicken, pork and even some processed meats such as sausages; dry goods – flour, sugar and semi prepared products such as pancake mix; bottled and tinned goods – apple juice, baked beans, baby foods, tomato sauce and the like; dairy – milk, cheese, yoghurt; bakery – bread, cakes; and confectionary – chocolates, sweets and biscuits (Pearson & Henryks 2011). Further, convenience foods and personal cosmetics are experiencing rapid growth (Monk et al 2012).

2.1 Who buys organic food?
Research results have consistently indicated that consumers who buy organic products are demographically the same as those who do not, that is, they are the same as those who buy conventional products (Pearson et al 2013; Lockie et al 2004). Further, most consumers do not purchase organic exclusively and hence also buy conventionally grown products. It has been suggested that a very small number of consumers (probably less than one in a thousand) buy a large quantity of organic products on a regular basis, consequently most only buy small amounts on an irregular basis (Oates et al 2012). This observation is supported by evidence where the percentage of organic product sales is less than the percentage of consumers who purchase them. For example, in Australia, it has been estimated that around 60% of consumers purchase organic food products, although organic sales are less than 1% of total sales (Henryks & Pearson 2010). It is therefore suggested that increasing sales to existing organic consumers may be one of the easiest growth paths for the industry.

However, significant gaps in our knowledge of organic food buyers remain. One reason for this is that research concerned with identifying their characteristics has primarily focused on demographics as a segmentation variable. In particular circumstances, organic buyers are more likely to have higher levels of education, be more affluent, be women, have young children, and grow their own vegetables, but these are not consistent demographic trends. In order to overcome the limits posed by focusing on demographics, some studies have used multiple segmentation parameters. These include combinations of attitude and behaviour, which has been used to generate segments based on level of ‘green’ purchasing behaviour (Pearson et al 2011). Other examples of behavioural segmentations include those based on level of awareness, level of commitment, or purchase amount (Pearson et al 2013).
There are further methodological issues that have limited the usefulness of segmentation research. Problems related to the sample of consumers used and the retail outlet available to them presents a significant issue in developing an understanding of organic consumers (Pearson et al 2011). Food consumers often use more than one retail outlet, and the products available may differ significantly between outlets. Within a week, a consumer may go to a food co-operative and then purchase the remaining items at a supermarket. Thus the choice of organic products is limited first by the retail outlet selected, and then the availability of specific products within that outlet. Two other variables, who the consumer is buying for and whether they are shopping alone, have been identified as influential factors that may alter whether organic food is purchase on different shopping trips (Henryks & Pearson 2012). Consumer choices are therefore influenced by issues pertaining to retail outlet selection, product availability within that outlet and the nature of the particular shopping trip.

Another methodological issue that is hindering the creation of a sophisticated organic consumer profile is the reliance of research on buyer’s self reporting (Pearson 2010). Rather than accurately recording purchase, a lot of research records what consumers think they purchase, or their intentions in relation to future purchases, both of which may be misleading. Research consistently suggests that there is a gap between positive attitudes towards organic food and actual purchase behaviour (Pearson 2010; Pearson et al 2011). As a result, a positive attitude towards organic food does not necessarily translate into organic purchases. Research that explores how this gap could be closed, by investigating the reasons why consumers do and do not purchase organic food, is reviewed in the following section.

2.2 Why do people buy organic food?
There is a general consensus in research on why people buy organic food. Despite slight differences related to cultural and demographic factors, the priorities driving people to purchase organic products include, in order: personal health; product ‘quality’; and concern about environmental degradation (Pearson et al 2011; Henryks & Pearson 2012).

Although the scientific evidence to support a superior health claim is inconclusive (Smith-Spangler et al 2012) consumers are motivated by the perceived health benefits of organic food. This motivation may be further divided into those who are proactive about their health (maintaining health) and those who are reactive to a negative situation (restoring health) (Pearson et al 2011). Proactive consumers believe that organic food will have a positive impact upon their wellbeing. Conversely, some consumers purchase organic food as a reaction to an adverse health situation. For example, someone who believes organic food will assist in their recovery.

Quality has been identified as another motivator for purchasing organic food. Research shows quality attributes consumers generally associate with organic food include improved taste and freshness (Pearson et al 2011). This is particularly the case for purchases of fresh fruit and vegetables (Pearson 2010; Pearson & Rowe 2012). However, product quality is unreliable as it can vary according to individual expectations and it often relates to a specific product, purchased under certain conditions, for a particular reason. Moreover, there is often only a tenuous link between the form of production system, organic or otherwise, and product quality.

The third reason consumers purchase organics is concern for environmental sustainability. Some consumers have reported that they purchase organic food to support a food production
system that is more sustainable in terms of its lower impact on the natural environment (Lea & Worsley, 2005).

2.3 Reasons given for not purchasing organic food
Research has identified key reasons limiting purchases of organic products. These being that they are not available where consumers do their shopping; and, in situations where they are available, they are often significantly more expensive and/or consumers lack confidence in the organic brand (Pearson & Henryks 2008; Pearson et al 2011). Although organic food is now available in most retail outlets in cities in Australia, it is still not available in all. Moreover, the products available in a supermarket tend to differ from those in a food co-operative, farmers market or similar types of retail outlets. As such, accessibility to different types of outlet will significantly impact on consumer’s options.

The availability and layout of products in stores then presents a secondary source of variables that influence whether or not organic products are chosen. For example, a farmers market or cooperative may have a greater range of organic products relative to conventional ones, whereas supermarkets may only provide limited product lines that are organic. Moreover, the way that the organic products are laid out within the store can have an effect on decision making (Henryks & Pearson 2012). For instance, if there is an organic product next to its conventional equivalent there may be a different consumer outcome than when all organic products are grouped together.

2.4 Price
In general, organic products sell at a higher price than conventionally produced equivalents. This has consistently been identified as one of the deterrents to increased purchasing of organic products (Pearson 2001; Pearson 2002; Pearson & Henryks 2008). The size of the premium on organic products varies; on occasions they may be available at the same price as conventional ones whilst on others it may exceed 100% (Pearson & Henryks 2008; Pearson & Rowe 2014). The reasons for these premiums are often associated with the additional costs involved at all stages in the organic supply chain.

However, despite the general tendency for more expensive products to be purchased less, an investigation of the role that price plays in consumer purchases illustrates a number of exceptions. Research suggests that higher prices may not act as a deterrent to the increased consumption of organics in certain product categories and retail contexts. In situations where a large number of relatively low value purchases are made on a regular basis, the price of individual products is not very important to the purchaser, such as where the majority of grocery products are purchased in supermarkets. The habits and routines that this shopping experience fosters mean that consumers tend to focus more on the price of the overall basket than that of individual products (Pearson et al 2011).

The amount purchased relative to the price premium is also influenced by the nature of the specific product. For instance, many consumers tend to be more insensitive to price premiums for relatively low priced items that are purchased in small quantities, such as baby food. Conversely, consumers are more to sensitive price changes with higher value products that they purchase in large amounts. Importantly there are also cases in which the amount purchased actually increases as the price increases. For some consumers, in some situations, price signifies quality. For these consumers whose purchases are motivated by product quality and think that organic falls within this luxury, or high quality category, some-what unexpectedly, an increase in product prices may lead to an increase in the amount purchased.
This analysis of price suggests that the ‘value’ consumers place on organic products is a key issue. That is, the reasons consumers choose conventional over organic is not always unaffordability, but because they are not valuing organic at its higher price. A significant marketing challenge is therefore be to demonstrate that the benefits to be obtained from purchasing organic products are worth its higher price.

2.5 Product information and labelling

The certification and branding of organic products have also been identified in the literature as important determinants of product choices (Pearson et al 2007). Most consumers do not have the capacity to investigate food production systems. Rather, they generally rely on the reputation of the retail outlet selling the product, or on a label. The existence and credibility of a certification system and associated organic label is therefore of vital importance.

The labelling of organic products also has implications for the establishment of an organic ‘brand’ in the consumers’ mind (Henryks & Pearson 2010). Certification labels play a vital role by providing consumers with a degree of confidence. In Australia there are seven independent organisations, and others for imported products, with their own logos placed on products to indicate their certified organic status. Thus consumers see different certification labels on different organic products, instead of one clearly identifiable brand on all certified organic products, which has been the case in USA for some time and has recently been implemented in the European Union. The lack of a clear brand is a significant limitation in achieving higher sales, as research suggests that successful promotion of organic products requires clear communication of its benefits, particularly identification of them with a prominent brand (Pearson et al 2013).

Investigations into why consumers purchase organic food has revealed some confusion over organic food labelling. This confusion is evident at both a product level, where some people assumed that a particular brand of chicken was organic when in fact it was free range, and at the retail outlet level, where some consumers assumed that all products sold at a farmers’ market were organic when they are not (Henryks & Pearson 2010). In addition, the use of the word ‘organic’ on products that are not certified organic further diminishes the power of the organic brand and compromises consumers’ trust in it. Legislation stipulating the use of the word ‘organic’ does not exist in most countries, however ‘certified organic’ does. The relatively recent (2010) inclusion of this term in food labelling law in Australia is likely to improve the credibility of organic as a brand.

These research findings further reinforce the importance of clear labelling to increase the amount purchased by existing organic consumers and to entice conventional consumers to trial organic products.

3.0 Conclusions

Despite continued growth in sales, and its increasing integration in to more mainstream retailing outlets, organic remains a niche player in the food market. Its higher price and multiple certification labels continue to deter consumers. This review has also revealed a number of areas that could be targeted for effective marketing. In particular, evidence suggests that campaigns should focus on increasing the relative amount of organic products purchased across all demographic segments and that the ‘value’ of organics relative to its higher price should be emphasised. Further, there are methodological issues, being a reliance on consumer self-reporting and demographic segmentation, associated with this body of
research that are limiting its relevance to industry players, and hence diminishing their ability to accurately target marketing efforts.

Finally continuing to build and maintain integrity of the organic brand with consumers will be necessary to fend off challenges from conventional as well as other complementary food systems such as the ‘local food movement’. Whilst it is also relevant to state the self-evident fact that organic products will only be available for purchase whilst the organic food movement offers attractive opportunities to individuals and business at all stages in the supply chain. This requires continuation of successful management of diverse commercial participants ranging from global corporates through to local production and consumption networks. Retaining credibility with government will also ensure ongoing policy support and facilitate achieving growth.

Acknowledgements


References


Food Preferences among Vietnamese Teenagers

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Abstract

The purpose is to evaluate the usefulness of preference-based segmentation in understanding food-related behaviour among Vietnamese teenagers. A sample of 413 teenagers in secondary and high schools in three different regions were interviewed. Their preferences for 36 common Vietnamese meals were evaluated. Four segments based on their preferences were identified: Food likers (29%), poultry dislikers (27%), seafood dislikers (19%), and pork dislikers (25%). Differences between segments were profiled by a diverse set of variables including consumption frequencies, food choice motives, attitudinal variables and socio-demographic variables. Meal preferences appear to be an appropriate basis for segmentation of Vietnamese adolescents. The differences found across the clusters for the differentiating variables can provide the basis for developing marketing strategies to target different segments. Theoretical and practical implications are discussed.

Keywords: food preferences, teenagers, Vietnam
Track: Food Marketing

1.0 Introduction

Adolescence is an important period in the life cycle of a person which brings about significant psychological and physiological changes. New preferences are formed due to growing autonomy, their opportunities to eat out, and their desire to enter the adult world (Ton Nu et al., 1996). According to Halford et al., (2008) children’s food preferences are influenced by many factors, such as weight status, food type, branding, and television food advertisements (commercials). Children also develop their food preferences as they grow and are exposed to a variety of food items, textures, tastes and flavours (Birch, 1999). Food preferences are recognized as playing a central role in food choices and consumption in adulthood (Steptoe et al., 1995) and probably even more in adolescence (Birch, 1999). Food preferences of adolescents not only impact their parents’ decisions, but also impact their future food consumption behavior. Thus, understanding children’s food preferences and how these preferences change over time is critical for marketers in order to make more informed decisions about their marketing mix programs, as well as for public policy makers to plan for more effective nutrition education and dietary intervention programs (Hoelscher et al., 2002). In this study, the link between preference and food-related behaviors of teenager segments in Vietnam is investigated. The purpose is to evaluate the usefulness of preference-based segmentation in understanding food-related behavior among Vietnamese teenagers.

2.0 Theory

2.1 Segmentation base

Research shows that taste/distaste, instead of nutrition as suggested by their parents, seems to be the key driver for children’s and adolescents’ food choices (Berg, Jonsson, & Conner, 2000; Olsen & Ruiz, 2008). Gummeson et al. (1996) found that the “healthiness” of the meal
was not a significant contributor, while personal preferences for the taste, texture and appearance of the food had a much greater influence. Consumer needs or preferences for a particular product may vary considerably between individuals, segments, groups and cultures (Ngapo, Martin, & Dransfield, 2007; Nielsen, Bech-Larsen, & Grunert, 1998). Previous studies have suggested that differences in preferences or benefits with products or services ultimately drive marketing or consumer segmentation (Honkanen, 2010; Honkanen et al., 2004; Olsen et al., 2009). For the reasons discussed above, meal preferences are chosen as the segmentation base. This paper will first explore the usefulness of this base in a Vietnamese setting.

2.2 Profiling variables

The profile variables used to describe segments of food markets often include consumption frequency, food choice motives, attitudinal variables and socio-demographic variables (Honkanen, 2010). The use of demographic variables is supported in the literature (Frank, Massey, & Wind, 1972). However, the marketing literature has also shown that it is difficult to profile market segments using only traditional descriptor variables (e.g., demographics) (Wedel & Desarbo, 2002). This study will therefore use social and family-related attitudes, interests, and lifestyle variables in addition to demographics to profile segments. According to Honkanen (2010) “food choice is another variable related to preference and the different segments should then show different consumption patterns unless interfered with by other factors.” Consumption frequency will therefore be compared across the preference segments.

Social norms have a significantly positive influence on intention of fish consumption behaviour in Vietnam within a family setting (Tuu et al., 2008). In this paper, differences in family expectations and conflicts between teenagers and their parents about food choice across segments will be investigated. Differences emanating from environmental influences—i.e., publicity/advertising (Byrd-Bredbenner & Grasso, 2000), school-based nutrition education programs or school meal plans (Skinner et al., 2002) will also be included in the analyses.

The term ‘lifestyle’ is used in this study to express general attitudes associated with individuals’ interests and activities within their social environments (Honkanen et al., 2004). More specifically, aspects of teenagers’ eating habits, attitudes towards friends, families, schoolwork, media and social activities will be investigated as profiling variables. It also includes the way they perceive themselves and how interested they are in different aspects of food (Honkanen et al., 2004). Socio-demographic variables are potentially related to food preferences, especially age and gender (Honkanen et al., 2004; Ton Nu et al., 1996). We will also explore food preferences of adolescents in various geographical locations in Vietnam in order to see if geographic differences can be used as profiling variables.

3.0 Method

3.1 Data selection and sample selection

The population is teenagers in secondary and high schools between the ages of 12 and 20. The sample (n = 413) are from Ha Noi (north), Da Nang, and Nha Trang (central Vietnam), and Ca Mau (south). Schools were approached and those who agreed to participate are included in the study. Classes representing each age level were randomly selected and a teacher instructed the students, distributed, and collected the questionnaire.
3.2 Measures

The preferences are measured along a seven-point semantic differential scale (‘dislike very much’ to ‘like very much’). This scale is in accordance with most scales used to measure food preferences, overall liking or food quality (Raats et al., 1995).

Consumption frequency is measured using a one-year time frame with a seven-point scale (Olsen, 2003; Raats et al., 1995; Tuu et al., 2008). The social and family family-related attitudes are measured according to Ajzen (2002). Social norms are operationalized as perceived social pressure or expectations from people in general or from specific groups or individuals (Fishbein & Ajzen, 1975; Olsen, 2004). The lifestyle operationalization is related to teenagers’ eating habits, attitudes towards friends, families, schoolwork, media and social activities and the way they perceive themselves and how interested they are in aspects of food (Honkanen et al., 2004; Steptoe et al., 1995).

4.0 Results

We adopted the traditional two-step approach (Punj & Stewart, 1983) to identify segments of consumers based on meal preference. Originally, there were 36 meal items in the questionnaire. Items with many “never tasted” scores (more than 13 percent) and multiple factor loadings in the exploratory factor analysis were eliminated, leaving 26 meal items. Seven factors were extracted (see Table 1) and summated scales are used in the subsequent analyses.

A final cluster solution revealed four segments (see Table 1). “Food likers” (29%) is the largest, representing teenagers who liked or are indifferent to all meals. Specifically, pork meals and vegetable meals are the most preferred, followed by the seafood meals. “Poultry dislikers” (27%) have below average preference scores for most meals, especially poultry meals (-1.06). “Seafood dislikers” (19%) have negative scores on shellfish (-.84), beef (-.56), and fish meals (-.54). “Pork dislikers” (25%) have the lowest score on pork meals (-.91) and vegetable meals (-.43).

Table 1: Cluster descriptors of meal preferences

<table>
<thead>
<tr>
<th>Meal preferences:</th>
<th>Food likers (29%)</th>
<th>Poultry dislikers (27%)</th>
<th>Seafood dislikers (19%)</th>
<th>Porks dislikers (25%)</th>
<th>F (p):</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pork meals (α=.80):</td>
<td>0.50</td>
<td>-0.15</td>
<td>0.62</td>
<td>-0.91</td>
<td>75.82 (.000)</td>
</tr>
<tr>
<td>Vegetable meals (α=.75):</td>
<td>0.50</td>
<td>-0.25</td>
<td>0.14</td>
<td>-0.43</td>
<td>22.45 (.000)</td>
</tr>
<tr>
<td>Shellfish meals (α=.79):</td>
<td>0.46</td>
<td>-0.08</td>
<td>-0.84</td>
<td>0.19</td>
<td>35.75 (.000)</td>
</tr>
<tr>
<td>Egg meals (α=.76):</td>
<td>0.21</td>
<td>-0.65</td>
<td>0.34</td>
<td>0.19</td>
<td>25.34 (.000)</td>
</tr>
<tr>
<td>Poultry meals (α=.75):</td>
<td>0.03</td>
<td>-1.06</td>
<td>0.46</td>
<td>0.77</td>
<td>130.66 (.000)</td>
</tr>
<tr>
<td>Fish meals (α=.70):</td>
<td>0.47</td>
<td>-0.12</td>
<td>-0.54</td>
<td>-0.02</td>
<td>19.21 (.000)</td>
</tr>
<tr>
<td>Beef meals (α=.71):</td>
<td>0.22</td>
<td>0.01</td>
<td>-0.56</td>
<td>0.15</td>
<td>11.86 (.000)</td>
</tr>
</tbody>
</table>

The cluster descriptors are based on factor scores, which have a mean of 0 and standard deviation of 1.

ANOVA with Tukey post hoc multiple comparison test was used.
After segmenting the teenagers, profiling of the segments is carried out. Only significant differences are discussed due to space limitations. Food likers and dislikers of poultry have higher fish meal consumption (about 3–4 times per week), compared with the other segments. Rice meals are consumed most frequently among seafood dislikers. Seafood dislikers have been most influenced by others compared with the other segments. The teenagers influence on food choice is, on the other hand, significantly higher among dislikers of pork. The teenagers also have differences in interest and lifestyle. Dislikers of seafood are more interested in cooking and health than those in the other segments.

There are significant differences between the segments with respect to the city they live in. The largest proportions of food likers live in central Vietnam (i.e., Da Nang and Nha Trang). The seafood dislikers are clearly dominated by Ha Noi students, and the proportion is also relatively high among students in Ca Mau. In contrast, the proportion of seafood dislikers is smallest in Da Nang. The poultry meal dislikers are dominated by teenagers from Ha Noi and Nha Trang. Most of the pork meal dislikers live in Ca Mau.

The highest proportion of food likers is between 16 and 17 years, while poultry dislikers have the lowest share. The seafood dislikers have the highest share among the youngest teenagers (12 to 15 years). The majority of pork dislikers are between 14 and 15 years old. There are also significant differences between the segments as to whether they live in rural areas or in the cities. General food likers and dislikers of pork meals are likely to live in cities. In contrast, dislikers of seafood and poultry are likely to live in rural areas. Food likers live near the sea, while seafood dislikers and pork dislikers are likely to live far from the sea. Religion seems to be a differential factor. The general food liker segment is dominated by Buddhist teenagers. All other segments have the largest share of non-religious teenagers. There are no significant differences with respect to gender, family size, and the number of children in the household.

Table 2: Profiling characteristics of the segments

<table>
<thead>
<tr>
<th></th>
<th>Food likers</th>
<th>Poultry dislikers</th>
<th>Seafood dislikers</th>
<th>Pork dislikers</th>
<th>Total</th>
<th>$F/\chi^2$</th>
<th>Sig.</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption frequency:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fish meals</td>
<td>2.7</td>
<td>2.6</td>
<td>2.4</td>
<td>2.4</td>
<td>2.5</td>
<td>2.723</td>
<td>.04</td>
<td>1,2&gt;4,3</td>
</tr>
<tr>
<td>Rice meals</td>
<td>5.0</td>
<td>4.4</td>
<td>5.4</td>
<td>5.1</td>
<td>5.0</td>
<td>2.977</td>
<td>.03</td>
<td>3&gt;4,1,2</td>
</tr>
<tr>
<td>Social &amp; family attitudes:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Influence by others</td>
<td>4.35</td>
<td>4.22</td>
<td>4.53</td>
<td>4.01</td>
<td>4.27</td>
<td>3.122</td>
<td>.02</td>
<td>3&gt;1,2,4</td>
</tr>
<tr>
<td>Your influence on food choice of your family</td>
<td>5.26</td>
<td>5.12</td>
<td>5.45</td>
<td>5.61</td>
<td>5.34</td>
<td>3.058</td>
<td>.02</td>
<td>4&gt;3,1,2</td>
</tr>
<tr>
<td>Interests &amp; lifestyle:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cooking interests</td>
<td>5.17</td>
<td>4.83</td>
<td>5.33</td>
<td>4.82</td>
<td>5.02</td>
<td>3.568</td>
<td>.01</td>
<td>3&gt;1,2,4</td>
</tr>
<tr>
<td>Health interests</td>
<td>3.43</td>
<td>3.28</td>
<td>3.74</td>
<td>3.27</td>
<td>3.41</td>
<td>2.819</td>
<td>.03</td>
<td>3&gt;1,2,4</td>
</tr>
</tbody>
</table>
5.0 Discussions and implications

Evaluating the usefulness of preference-based segmentation in understanding food-related behavior is of major importance to marketers, from both academic and practical perspectives. However, not much research is conducted in the context of emerging markets like Vietnam. This study shows that meal preferences are an appropriate basis for segmenting the food and meal market among Vietnamese teenagers. Four teenager segments were identified. Differences between the segments were profiled using a diverse set of variables. The differences found across the segments for the differentiating variables can provide the basis for developing marketing strategies to targeting and positioning within different segments.

5.1 Theoretical implications

This research builds on research of food consumption behavior among adolescents (Birch, 1999; Drewnowski & Hann, 1999; Halford et al., 2008; Hoelscher et al., 2002; Honkanen et al., 2004; Skinner et al., 2002 Olsen et al., 2009) and adapts the research to specific Vietnamese conditions. Meals commonly served as the main meals in Vietnamese households are identified. The findings confirm that preferences are important in food studies given their significant relationship with consumption behaviors. Also, there are marked differences in preferences among Vietnamese teenagers. The results are in accordance with several earlier studies (Berg et al., 2000; Honkanen et al., 2004) indicating teenagers are less concerned with healthy meals and many of them dislike seafood. The results also support the fact that social factors are important in explaining and categorizing different preference segments. Often used variables such as gender, family size and the
number of children in the household are not significant factors in explaining preference-based segments. An important finding indicates that differences in food preferences of adolescents depend on the region in which they live.

5.2 Practical implications

The adolescent period is the period individuals become more independent consumers, exerting increased independence and a subsequent freedom of preference (Brown et al., 2000). Preferences can be an appropriate basis for segmentation, providing insights into the depth of the teenagers’ meal market. This suggests implications for marketers, retailers and school canteens as well as for public policy makers in terms of effectively targeting different market segments of teenagers.

Retailers, restaurants and school canteens are operating commercially in Vietnam and must provide food that adolescents want and desire. To cater to specific segments, these businesses need to be informed of children’s meal preferences. The retailers, restaurants, school canteens, and institutions may find preference-based segmentation beneficial for their businesses. Meal suppliers can use this knowledge to identify the segments most likely to be attracted to their product offerings. These inputs can also be fed into strategic activities to enhance their image, including decisions about assortment and service to suit various target segments. In order to meet the teenagers’ selection criteria, meal providers must be able to supply novel meals preferred by teenagers.

For example, if a seafood meal supplier intends to target the dislikers of seafood, it should improve the marketing mix strategies. The suppliers should focus on improving the sensory aspects of their offerings. This is to enhance the teenagers’ positive attitudes about seafood meals consumption. Most young consumers in this segment live far from the sea, which means that seafood may not be available in these areas. This has implications for the distribution channels’ effectiveness. As for promotion, teenagers in this segment are highly engaged in home cooking and have general interest in environment issues, sports, and reading magazines. Retailers, restaurants, school canteens, and institutions should utilize this information in their promotion activities.

The study has practical implications for policy makers as well. Three clusters are characterized by dislikes of specific meals. In order to promote a balanced and healthy diet among those adolescents, policy makers can use the preference-based segments to target adolescents with specific information and attitude-change campaigns. The segment profiles give access both to their attitudes, lifestyle, interests, and demographics, providing a steppingstone to develop relevant information and campaigns in order to change attitudes towards food and health.

Most of the constructs used in this study are developed and validated in a Western setting. Future research should validate the constructs in an Asian or Vietnamese setting in order to secure reliable and valid scales across cultures.

References


Questioning the way that we measure consumers’ product involvement levels. How wine awards exposed differing involvement levels.

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Abstract

Consumer levels of product involvement have conventionally been explored using questionnaires that aim to identify the existence of different consumer segments. However, the research presented here suggests that whilst questionnaires are suited to large numbers of participants, they may not provide an accurate picture of product involvement levels. Using quantitative and qualitative research to investigate involvement levels with wine and the influence of awards on purchase decisions, this paper presents results from two different types of methods that reveal differing levels of involvement. A consumer questionnaire ($n=44$) classified participants into high and low involvement groups. Four focus groups with these participants were then conducted. Results from the focus groups indicate that the participants’ involvement levels were not equivalent to those allocated as a result of the questionnaire responses. These results suggest current marketing scales need to be adapted to better segment wine consumers according to their level of product involvement.

Keywords: Involvement, wine, scales, qualitative and quantitative research, external validity

Track: Food Marketing

1. Introduction

Consumers’ level of involvement has long been an important topic of interest in marketing research. As part of the decision-making process consumers are said to go through five stages to make choices between desirable alternatives (Solomon, 2013). Fundamentally, the amount of time and effort that a consumer will invest (level of involvement) to make a product choice varies widely (Solomon, 2013). During the decision-making process, consumers unconsciously adopt either a high or a low level of involvement according to the degree of “personal relevance with the product” (Zaichkowsky, 1985, p. 342). Zaichkowsky (1985) found that there was a significant difference in involvement level for different products. Given the differences in consumers’ choice behaviour (Laurent & Kapferer, 1985; Mittal & Lee, 1989), past studies investigated different product categories including coffee, bubble bath soap, breakfast cereal, calculators, automobiles, and cell phones as well as wine (Bruwer & Huang, 2012; Lastovicka, 1979; Laurent & Kapferer, 1985; Martin & Marshall, 1997; Zaichkowsky, 1985). However, most of these studies are based on an involvement scale that was developed over twenty years ago (Laurent & Kapferer, 1985, p. 50) that may have lost relevance over time and thus may no longer profile the behaviour of today’s modern consumer. The aim of this paper is to use quantitative and qualitative research to investigate involvement levels with wine and how the influence of wine awards interacts with involvement on purchase decisions.

1.1 Scales that have been used in the past to measure consumers’ level of product involvement with wine

Past studies have used different types of scales to measure consumers’ wine involvement. These scales were often formulated to measure consumers’ involvement with generic...
products (Laurent & Kapferer, 1985). For instance, the question “I have a strong interest in____”, was first suggested by Laurent and Kapferer (1985, p. 50), who thought that the items of their scale should “fit any product- from bras to cars. From dishwashing liquid to champagne.” Over the years, this question has also been used in other studies to measure wine involvement (see for example Bruwer & Huang, 2012; Hollebeek, et al., 2007; Lockshin, et al., 2006; Mittal & Lee, 1989; Quester & Smart 1989). However, the applicability of such a question to wine is uncertain. Compared to many other food product categories the wine category typically offers more assortments (from both national and international origin) in a typical retail outlet, with the possible exception of public bars. The current wine involvement scales have been developed using numerous involvement-related concepts and there has been a lack of agreement on how many wine involvement groups exist (see for example Barber et al., 2007; Charters & Pettigrew, 2006; Lockshin, et al., 2006; Spawton, 1991). Thus, revisiting the existing scales and testing which of the questions are valid and reliable and which are not in a wine consumption context, may be of benefit for future studies investigating consumers’ level of product involvement with wine.

1.2 Segmentation of wine consumers
Typically, consumers’ levels of involvement with wine have been classified into either high or low involvement (Aurifeille et al., 2002). Further studies segmented wine consumers based on the occasion, types (price/quality) of wines, types of consumer attitudes, consumers’ consumption and demographic types (Gluckman, 1990) or wine knowledge and involvement (Spawton, 1991). It has been found that high and low-involvement consumers behave differently (Barber et al., 2008; Lockshin & Hall, 2003). High-involvement consumers like to maximise their expected satisfaction through an extensive choice process (Laurent & Kapferer, 1985). They are information seekers and they use this information during the decision-making process to make purchase decisions (Barber et al., 2008). Thus, high-involvement consumers go through stages of “awareness and comprehension” (Bruwer & Buller, 2013, p., 39). In contrast, low-involvement consumers are likely to simplify their product choice by using a small number of product cues such as price and label design (Barber et al., 2007). However, there is increasing recognition of the existence of more than two wine consumer segments, including the medium-involvement segment and the new wine drinkers (Barber et al., 2007; Charters & Pettigrew, 2006; Spawton, 1991; Zaichkowsky, 1985). As such, it remains unclear how many segments should be taken into consideration when dealing with wine consumers. This lack of agreement can be translated into confusion for the industry as it may mean marketers overlook or misinterpret the various consumer segments.

2. Methodology
This study consisted of a two-step-methodology. First, an online questionnaire was used to screen and recruit participants (n= 44) based on their level of involvement with wine. Then, participants were split into four focus groups based on the level of product involvement identified through the questionnaire.

2.1. The online questionnaire
An online questionnaire measured participants’ level of product involvement. Consumers’ involvement with wine was measured using an adapted version of the Components of Involvement Scale (CP) (Lastovicka & Gardner, 1979). Previous studies measured product involvement using a multi-item Likert scale (Lastovicka & Gardner, 1978). Multi-item scales are typically preferred to single item scales because they have greater reliability and validity (Sarstedt & Wilczynski, 2009). To establish the internal consistency of the scale as
recommended by Zaichkowsky (1985), Cronbach’s alpha was calculated for the survey responses as well as the Pearson product-moment correlation coefficient (PPMCC) between each possible pair of questions. Two questions out of nine were discarded due to insignificant correlations with the other seven. The ratings for each of the seven items (see Table 1) were totalled and thus an involvement score was calculated for each respondent. To create high- and low-involvement groups, the respondents were split based on their scores at the median value (Lockshin et al., 2006; Zaichkowsky, 1985). Higher scores than the median corresponded with a high level of involvement.

### Table 1: Questionnaire questions to measure participants’ involvement with wine based on the Components of Involvement Scale (CP) (adapted from Lastovicka & Gardner, 1979, p. 239).

<table>
<thead>
<tr>
<th></th>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Wine is a topic that I could talk about for a long time.</td>
</tr>
<tr>
<td>2</td>
<td>I understand the different types of wine well enough to evaluate the brands.</td>
</tr>
<tr>
<td>3</td>
<td>Wine is subject that interests me.</td>
</tr>
<tr>
<td>4</td>
<td>I have a preference for one or more styles of wine.</td>
</tr>
<tr>
<td>5</td>
<td>I am not at all familiar with different styles of wine. *</td>
</tr>
<tr>
<td>6</td>
<td>Wine is a product that I have little interest in. *</td>
</tr>
<tr>
<td>7</td>
<td>There are specific vineyards I regularly purchase wine from.</td>
</tr>
</tbody>
</table>

*Denotes items that are reverse scored.

### 2.2 The focus group
After completing the online questionnaire (based on their age and commercial background), and identifying those with professional knowledge, participants were placed into one of four focus groups. This was done to avoid more knowledgeable participants dominating the discussion and to encourage communication during the focus group session, as participants would feel more confident to express their opinions without seeming uninformed. Focus groups one (n= 12) and two (n= 10) consisted of randomly allocated participants from the rest of the respondents. Focus group three consisted of individuals who had a background in the wine profession (n= 11) such as commercial wine purchasers, retailers, distributors, and wine commentators. Focus group four consisted of those who were under the age of 28 (n=11). Focus group responses were analysed thematically and participants’ responses during the focus groups were compared to the different involvement groups and their characteristics identified in the literature (see Table 3 for various example used to classify the focus group participants into different involvement levels). The responses were then categorized into involvement groups through asking questions such as: Did they have professional or institutional experience? Were they information seeking (e.g., did they go to a speciality wine store to purchase their wine)? Did they react positively to higher prices (e.g., did they see a higher price as an indicator of quality)? These characteristics indicate a high level of involvement. On the other hand, did they frequently consume cheap wine or were they attracted by the colour of the label? These characteristics suggest a lower involvement level.

### 3.1 Questionnaire results
The questions were shown to be internally consistent with Cronbach’s alpha = 0.89 (see Zaichkowsky, 1985). This was also reflected in the Pearson’s $r$ coefficient, which showed that the questions were all positively correlated (Pearson’s $r > 0$ for each pair of questions). These correlations were significant with $p < 0.05$ and the strength of the relationships were in the desirable range of moderate (0.3-0.6) or high (>0.6), emboldened in Table 2 below, with the sole exception of the pairwise correlation between questions five and seven whose
mutual correlation was low in strength (<0.3) and had a p-value greater than the critical alpha of 0.05 ($p = 0.058$) as shown in Table 2.

Table 2: Two tailed Pearson’s correlations between the different questionnaire (full questions are in Table 1) responses and sigma values indicating statistical significance ($n=44$). “Q number indicates question number”.

<table>
<thead>
<tr>
<th></th>
<th>(Q2)</th>
<th>(Q3)</th>
<th>(Q4)</th>
<th>(Q5)</th>
<th>(Q6)</th>
<th>(Q7)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Q1) Pearson Correlation</td>
<td>** .717</td>
<td>.654</td>
<td>.580</td>
<td>.302</td>
<td>.612</td>
<td>.392</td>
</tr>
<tr>
<td>(Q2) Pearson Correlation</td>
<td>**</td>
<td>**</td>
<td>**</td>
<td>*</td>
<td>**</td>
<td>**</td>
</tr>
<tr>
<td>(Q3) Pearson Correlation</td>
<td>**</td>
<td>**</td>
<td>**</td>
<td>**</td>
<td>**</td>
<td>.486</td>
</tr>
<tr>
<td>(Q4) Pearson Correlation</td>
<td>**</td>
<td>**</td>
<td>.627</td>
<td>.497</td>
<td>.839</td>
<td>.474</td>
</tr>
<tr>
<td>(Q5) Pearson Correlation</td>
<td>**</td>
<td>.489</td>
<td>.645</td>
<td>**</td>
<td>**</td>
<td>.490</td>
</tr>
<tr>
<td>(Q6) Pearson Correlation</td>
<td>**</td>
<td>.545**</td>
<td>**</td>
<td>**</td>
<td>**</td>
<td>.287</td>
</tr>
<tr>
<td>(Q7) Pearson Correlation</td>
<td>**</td>
<td>**</td>
<td>**</td>
<td>**</td>
<td>**</td>
<td>.494</td>
</tr>
</tbody>
</table>

3.2 Focus group results
From the focus group responses, participants were placed into one of five involvement groups, four of which were identified in the literature. Examples of typical quotations from participants used to classify them into their corresponding level of involvement are given in Table 3. The participants were segmented as expert consumers (ECs, $n=9$), high-involvement consumers (HICs, $n=4$), medium-involvement consumers (MICs, $n=8$), low-involvement consumers (LICs, $n=20$) and new wine drinkers (NWDs, $n=3$). The expert consumer group had not before been considered as an involvement group, but as shown Table 3, it was easily distinguishable from the other groups, mainly because of the professional affiliations of its members. Further evidence for the distinctiveness of the ECs is given by the relationship between the survey scores and focus group-derived involvement groups. ECs generally have high survey scores, but their scores overlap with two out of four HICs, two out of eight MICs and one out of twenty LICs. HICs generally have higher scores than MICs, and LICs. Overall, twenty-nine out of forty four participants were allocated into a different involvement groups after conducting both the questionnaire and focus group responses (see Table 3).
Table 3: Examples of a typical quotation from different participants used for classification

<table>
<thead>
<tr>
<th>Examples of participants’ quotes from different focus groups</th>
<th>Supporting reference from the literature</th>
<th>Questionnaire score and level of involvement</th>
<th>Level of involvement according to the focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>“I am a wine writer. So I am also a consumer and we have a cellar and I have tasted an awful lot of wine.”</td>
<td>Has a longstanding experience with the product category and have undergone a formal training regime (Schiefer &amp; Fischer, 2008).</td>
<td>score = 52 HIC</td>
<td>EC</td>
</tr>
<tr>
<td>“If I really needed to choose a nice bottle of wine, I would go down to [name of the wine specialty store] and ask”</td>
<td>They will often need the confidence of the retail assistant (Spawton, 1991).</td>
<td>score = 36 HIC</td>
<td>MIC</td>
</tr>
<tr>
<td>“I am a complete novice.”</td>
<td>Do not relate to wine as part of their lifestyle (Lockshin et al., 2001).</td>
<td>score = 41 HIC</td>
<td>LIC</td>
</tr>
<tr>
<td>“Like festive days or Christmas, my family usually has wine and I probably just have whatever they got there... I don’t have a specific”</td>
<td>Young and attracted by the behaviour of parents or peers (Spawton, 1991).</td>
<td>score = 36 LIC</td>
<td>NWD</td>
</tr>
</tbody>
</table>

These participants changed from high to medium involvement (8/31) or low-involvement (8/31), from high to expert involvement (9/31), from high to New Wine Drinkers (1/31) and two changed from low involvement to New Wine Drinkers (2/31). The remaining fifteen participants did not change their involvement level and most of these (10/15) were low-involvement consumer and were high-involvement (4/15). All involvement groups frequently used awards for particular purposes. MICs, HICs as well as ECs were selective about which awards they used; for example, the “Cuisine award” (from a consumer magazine), was considered trustworthy. Table 4 shows the behaviour profiles of the different involvement segments around wine awards, which were identified using qualitative research methods.

Table 4: Behaviour profiles of the different involvement segments around wine awards.

<table>
<thead>
<tr>
<th>Behaviour profiles around wine awards</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ECs</strong> are wine consumers who have institutional experience with wine and/or have received training in this product category. This group is mainly influenced by wine writers and they purchase frequently in bulk via the internet, wineries, or wine specialty stores. However, they are attentive to “trophy winners” (the highest wine award category) and try sometimes wine with a gold medal.</td>
</tr>
<tr>
<td><strong>HICs</strong> are knowledgeable about wine and they appear not to be attracted by awards. They like to experiment and to try different types of wine and they are most likely to be influenced by the media, sales people, friends and hospitality providers.</td>
</tr>
<tr>
<td><strong>MICs</strong> are less knowledgeable than HICs and more knowledgeable than LICs. They are likely to use awards when choosing unfamiliar wine, principally as a means of quality control (e.g., when selecting wine as a gift). They often seek the advice from sales peoples in specialty wine stores and use well-known awards.</td>
</tr>
<tr>
<td><strong>LICs</strong> are primarily price driven. A gold medal influences them when under time pressure and when the price of the wine is reduced. Purchase their wine in the supermarket and they pay attention to “fancy” labels.</td>
</tr>
</tbody>
</table>
5. Discussion and Conclusion
The change in involvement classification from high to medium or low indicates that marketers using involvement scales in the past may have targeted some wine products at the wrong market. Such problems indicate that wine specific scales should be formulated with careful consideration of the form of the questions. For example, if we asked two different consumers (one who really enjoys drinking wine and who has an extensive wine knowledge, and another consumer who only drinks wine to get drunk and who only likes to purchase cheap wine) to answer this question: “I have a strong interest in wine”, both might answer, “strongly agree”. In this case, although both consumers have different behaviours (which would be unknown when conducting a questionnaire), they would gain the same score in the data analysis. If we continue with the same procedure for further questions, we might end up with equally high scores for both consumers. This procedure would not indicate that the person who only drinks wine “for the effect of alcohol on the body” (Charters, 2006, p. 139), would, according to their behaviour, generally be classified in a low-involvement level. Therefore, it is likely that by only using the quantitative results, both consumers would be classified as high involvement. This will most likely lead to inaccurate results and could explain the lack of agreement in the literature. As this study highlights, ambiguities and discrepancies may have now crept in and so there is a need to reconsider how researches and marketing practitioners utilize these scales to ensure that involvement levels more usefully reflect consumer knowledge segmentation and thus decision-making profiles. Overall, the segmentation of consumers (by their qualitative focus group responses) into five groups appears to have worked well due to the more detailed information contained therein.

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A Preliminary Exploration of Local Food Marketing in Australia: A Value Co-creation Lens

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Abstract
Consumer interest and demand for local food is growing rapidly. Increased levels of consumer health and environmental consciousness, along with popular media, have sparked this growth. Yet, little marketing specific research focuses on local food. The purpose of this conceptual paper was, therefore, twofold. First, it sought to explore some of the existing gaps in local food marketing research. Second, it aimed to offer fresh perspective on marketing local food as framed by the value co-creation concept. It was found that local food marketing is fragmented across multiple disciplines; little research exists in an Australian context; and that there is little cohesion in terms of how local food is defined in marketing contexts. The paper contributes to theory and practice by suggesting opportunities for value co-creation as a platform to enhance local food marketing strategies, and also encourages consideration of challenges that may arise.

Keywords: local food marketing, food marketing, value co-creation
Track: Food Marketing

1.0 Background
Over the last two decades, the ‘local food movement’ has gained considerable attention amongst consumers. Research has revealed that over three-quarters of global consumers make a conscious effort to purchase some local food (Marketline, 2011). Consumer interest in quality local diets, demand and willingness to pay more for organic food, increases in the number of farmers markets, environmental concerns for food miles, food security and food related tourism are a few trends that exemplify the growth of the local food movement (Boyne, Hall and Williams, 2003; Latacz-Lohmann and Foster, 1997). Popular culture has made terms like, “farm-to-fork” and “paddock-to-plate”, familiar phrases that symbolise the local food movement in mainstream media (Byker, Rose and Serrano, 2010). In Australia, there are over 120 regularly held farmer’s markets (South Australia Food Centre, 2010). At the corporate level, Australian grocery store retailer Woolworths has developed and implemented a local food strategy (Marketline, 2013). These trends indicate the market credence of the local food movement. Marketing research on local food, however, remains scant—particularly within the Australian context.

Derived from Vargo and Lusch’s (2004, 2008) service-dominant logic (SDL) perspective, value co-creation is the marketing focus of this research. It centres on equalising the roles of stakeholders in marketing experiences for the mutual creation of value. Value co-creation has seen considerable uptake in the marketing literature of recent, illustrating its theoretical relevance (Archol and Kotler, 2012). This conceptual paper aims to highlight some of the existing gaps, and extend the theory and practice by exploring marketing local food via a value co-creation lens. To do so, a brief review of the local food marketing literature is provided, followed by an overview of the value co-creation concept. Next, some potential opportunities and challenges of marketing local food within the scope of value co-creation are offered. Finally, a conclusion with future research directions is drawn.

2.0 Local Food Marketing
Despite the growing popularity of the local food movement, traditional academic outlets have failed to explore marketing it in detail. This may be a result of three issues observed within the literature. First, the nature of food marketing research is fragmented. Lawley (2014) exemplifies this point with a review of the term “food marketing” in the ProQuest database. The results yielded work from a wide spectrum of disciplines outside of marketing, including agriculture, tourism and hospitality, nutrition and dietetics, and geography (Lawley, 2014).

Second, there is a deficiency in research conducted in an Australian context. The majority of food and local food research is conducted in the US and UK. Bhasakaran, Polonsky, Cary and Fernandez (2006) confirm this deficiency in their work on sustainable food production and marketing in Australia. General research on food marketing that is conducted in an Australian context, tends to focus on the effects of food marketing on children and public policy (e.g. Hebden, King, Kelly, Chapman and Innes-Hughes, 2010); and upholds the aforementioned trend of dissemination outside traditional marketing outlets.

Third, discrepancies in definitions of ‘local food’ may also contribute towards the absence of marketing focused research. Feagan (2008) and Dunne, Kimberlee, Chambers, Giombolini and Schlegel (2010) opine a lack of cohesion towards defining local food from the marketing and retail perspective. Some tend to encompass the definition of local food as a component of sustainable food practices (e.g. Byker, Rose and Serrano, 2010). Others define local food as part of a broad set attributes that consists of growing, processing, purchasing and consuming within a certain geographical proximity (e.g. Food and Agriculture Organisation, 2010). Some definitions do not give specific geographic parameters, but rather imply them by emphasizing the term “local” in the supply chain (i.e. food that is locally produced, processed and consumed) (Blake, Mellor & Crane, 2010). Various inferences of local food definitions creates issues with marketing local food. Specifically, local food connotations that focus on supply chain constraints (e.g. spatial parameters), fail to consider stakeholder relationships in market exchanges (Dunne et al., 2010).

Turning to the scant amount of local food marketing literature that exists in the Australian context, two main research initiatives are apparent. One initiative is local and state government reports on the general state of food production (e.g. Birch, 2012; South Australian Food Centre, 2010). The other initiative is general studies that encapsulate local food into research focusing on consumer attitudes and buying behaviour towards fresh, organic or sustainable food (e.g. Bhaskaran et al., 2006; Pearson, Henryks, Trott, Jones, Parker, Dumaresq and Dyball, 2011). Parker (2010) offers an exception where the latter consumer behaviour constructs are focused on local foods, but the dissemination of the research occurs outside of the formal marketing literature. These existing areas of local food research are also typically consumer focussed. There is an absence of literature that examines holistic marketing perspectives from other stakeholders involved in the local food consumption process, such as organisations or the community. Thus, the existing research renders several gaps where opportunities exist to explore local food marketing in an Australian context. Value co-creation is one concept that may contribute to the latter gaps.

3.0 A Value Co-creation Lens

Value co-creation is the marketing premise that frames this research. As a salient premise of Vargo and Lusch’s (2004) SDL perspective, value co-creation has experienced accelerated uptake in the marketing literature over the last decade (Achrol & Kotler, 2012).
Central to value co-creation is the focus on managing the quality of the stakeholder relationships so that all benefit (Payne, Storbacka & Frow, 2008). That is, marketing with stakeholders instead of the traditional approach of marketing to stakeholders (Vargo & Lusch, 2008). This challenges the conventional nature of value creation, inviting organisations to conceptualise all stakeholders in marketing experiences as equal (Abela and Murphy, 2008). Given value co-creation’s current traction, it may provide a viable platform for enhancing local food marketing strategies.

Within the literature, some preliminary support can be drawn for exercising value co-creation in local food marketing. In the wine industry, for instance, value co-creation has been suggested as potential strategy because of increased levels of consumer involvement in the purchase of wine (Hollebeek & Brodie, 2009). Many consumers partake in more complex and involved decisions when purchasing wine; as opposed to its conventional classification as a fast moving consumer good (FMCG) with low levels of consumer involvement in the decision making process (Hollebeek & Brodie, 2009). Similarities can be drawn to the purchase of local food.

While most food purchases are classified as habitual or low involvement decisions, some consumers who purchase local food are driven by emotion and likely to be more involved in their decisions (Food Standards Agency, 2008; Weatherall, Tregear and Allinson, 2003). Recent studies have shown that consumers feel that local food is of better nutrition, quality and taste when compared to mass produced commercially grown food (Thomas and McIntosh, 2013). Some consumers also feel that local food provides a pathway to increased community awareness and education of food systems (Peters, Bills, Wilkins and Fick, 2008). Pearson et al. (2011) posit the more involved nature of purchasing local food, stating that consumers will often travel to specialty shops to buy certain local items for example. Other studies connect the purchase of local foods to more involved consumer behaviour attitude models (e.g. the Theory of Planned Behaviour) (Rainbolt, Onozaka and Thilmany, 2012). As value co-creation invites stakeholders to participate in mutually beneficial experiences, it may support more involved consumer decisions.

The direct nature of interaction between consumers and producers of local food is also conducive to value co-creation. Direct interactions symbolise the importance of relationships in marketing local food (Feagan, 2008), and are a cornerstone of value co-creation (Vargo and Lusch, 2008). The close proximity of local food marketplaces encourages more direct personal encounters between consumers and producers where relationships transpire (Feagan, 2008). As a result, a sense of mutual trust, connection and exchange of knowledge emerges between consumers and producers in local food marketplaces (Hinrichs, 2000); all of which are important in the co-creation of value (Abela and Murphy, 2008; Vargo and Lusch, 2008).

Given that some initial evidence is indicative of more complex purchase decisions and the importance of relationships in local food marketplaces, value co-creation lends itself well as rejuvenated marketing strategy. Involving all stakeholders in the mutual creation of value, encourages and facilitates consumers to interact more in an experience, and is conducive to more involved decision making and established relationships. To the author’s knowledge, no research has specifically explored marketing local food using value co-creation.

4.0 Opportunities and Challenges Marketing Local Food Using Value Co-creation

Value co-creation is a novel marketing approach that could be used to leverage opportunities in the growing local food sector. However, with the opportunities of revitalised
marketing initiatives, challenges arise. Guided by the literature, Table 1 presents some opportunities and associated challenges to local food marketing, as portrayed via value co-creation.

Table 1: Potential opportunities and challenges to value co-creation in local food marketing

<table>
<thead>
<tr>
<th>Opportunities for value co-creation</th>
<th>Challenges to value co-creation</th>
</tr>
</thead>
</table>
| Creating local food links with other industries (e.g. tourism, retail) which helps stakeholders coordinate and integrate their resources more effectively. | - The coordination of multiple organisations within different industries  
- May lose local appeal and risk over-commoditising  
- Stakeholder roles lack clarification                                                                   |
| Creating tangible relationships by connecting consumers directly with producers                   | - Varying degrees of stakeholder impetus to have relationships with other each other in order for value co-creation to occur |
| Generating a platform for enhancing consumers’ knowledge and education of local food               | - The most effective method of knowledge creation and education in terms of generating awareness of local food  
- Creating stakeholder desire for knowledge and education of local food attributes                     |

By way of Table 1, the first opportunity for value co-creation exists in the creation of links between local food and other local industries. Boyne, Hall and Williams (2003) and Birch (2012) note the enhanced visibility and awareness of local food to consumers when coupled with other local sectors such as tourism or retail outlets (e.g. specialised gourmet food shops). This provides opportunities for stakeholders in different, but complimentary, sectors to establish working relationships for mutual value creation. These B2B relationships are particularly important for value co-creation to catalyse in SMEs (Ngugi, Johnsen and Erdelyi, 2010), which typify local food producers. However, the coordination of stakeholders in various local sectors creates challenges. Issues such as disjointed infrastructure related to distribution within local industries (Birch, 2012; Boyne, Hall and Williams, 2003); a lack of clarity regarding stakeholder roles in the co-creation of value (Gronroos and Vioma, 2013); and the over-commoditising of local food where the notion of “localness” becomes overshadowed as a result of multiple industries integrating marketing strategies (Hinrichs, 2000), all present challenges.

Second, direct market interaction creates a natural opportunity to leverage relationships between local food producers and consumers (Table 1). In terms of value co-creation, enhanced stakeholder relationships may lead to more personalised experiences as consumers are given a more equitable role (i.e. more involved in the value creation process) (Ablea and Murphy, 2008). The notion of a more personal experience that creates a sense of meaningful stakeholder relationship is also conveyed in the local food context (e.g. Pearson et al., 2011). Forming strong stakeholder relationships via value co-creation may help support the higher level of consumer involvement that some research suggests is characteristic of local food experiences (Rainbolt, Onozaka and Thilmany, 2012). That said, the degree to which stakeholders will desire to partake in the development of relationships via value co-creation will vary and presents a challenge (Hilton, Hughes and Chalcraft, 2012). Not all stakeholders will view the notion of forming “local” relationships with inherent benefit. Better value co-creation opportunities may exist in more sustainable contexts beyond those that emerge via local stakeholder relationships (Born and Purcell, 2006). Awareness of the
various types of relationships sought by stakeholders, helps creates a better understanding of how mutual benefit can be derived through value co-creation.

Third, value co-creation offers a platform for the mutual generation of knowledge and education between stakeholders (Vargo and Lusch, 2008). As seen in Table 1, consumers have to know where local food can be purchased (i.e. when and at what places); while suppliers have to have knowledge of how to inform consumers of the latter (Hinrichs, 2000). The creation of this knowledge involves consumers and producers partaking in reciprocal communication, which is imperative for value co-creation to occur (Payne, Frow and Storbaka, 2008). For example, a community organisation may decide to host a local food market and utilise social media to inform consumers of the time and location for the market. Consumers could also use the platform to interact with local producers participating in the market and to share information with other consumers about the market. In this instance, stakeholders are co-creating knowledge together. This results in opportunities where additional layers of education can be shared between stakeholders regarding important attributes that differentiate local from mass produced food (Latacz-Lohmann and Foster, 1997). Some examples may be, conveying attributes like production techniques and local branding, that add intrinsic value to local food and benefit all stakeholders (Birch, 2012; Latacz-Lohmann and Foster, 1997); and taking a value co-creation approach to educating stakeholders on the seasonality, cooking techniques and the challenges that confront farmers would be constructive opportunities. However, individual stakeholders will likely have differing levels of willingness and desire to be educated. This is a challenge that entails developing marketing strategies that appeal to various degrees of co-creation. Further research is needed to understand stakeholder perspectives towards the viability of the suggested opportunities.

5.0 Conclusion and Future Research Directions

In short, the aim of this paper was to explore local food marketing in Australia through the lens of value co-creation. As a result, a snapshot of the gaps in the research and some of the potential opportunities and challenges associated with value co-creation and marketing local food were presented. Future research could be centred on investigating the opportunities and challenges that emerged where there is opportunity for theoretical and social progress. For example, it would be beneficial to derive a clear theoretical definition of local food from the marketing perspective. Understanding what factors influence degree to which other local industry stakeholders would be willing to work with the local food sector to co-create mutually beneficial marketing initiatives would provide further theoretical advancement. Future studies that clarified stakeholders’ roles in the co-creation of value in local food marketing experiences would also be interesting and help develop some practical strategies. Practical insight may then emerge regarding stakeholder relationships and degree of co-creation desired, and what marketing platforms are best to educate stakeholders about local food experiences. Thus, practicing value co-creation in local food marketing may act as an agent of change in the sector.

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Using the Theory of Planned Behaviour to Understand the Ethical Purchasing Gap of Sustainable Seafood Consumption in the UK.

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Abstract
The sustainable seafood movement has the potential of reversing the current trends of seafood consumption which are leading toward a global breakdown of seafood species. A series of initiatives have been created to cultivate interest in consumption of sustainable seafood. However, research indicates that consumers’ intention to purchase sustainable seafood does not always translate into actual purchase behaviour, which creates an Ethical Purchasing Gap (EPG). The Theory of Planned Behaviour (TPB) is used to identify affordability, lack of awareness of sustainability, lack of knowledge and confidence in cooking as key barriers and awareness of sustainability, attitudes and preferences toward fresh seafood as key drivers for consumption of sustainable seafood. Findings also reveal that a favourable attitude toward sustainable seafood can increase consumption of sustainable seafood while understanding of the ‘sustainable seafood’ concept and knowledge of sustainable seafood availability does not necessarily increase consumption of sustainable seafood.

Keywords: Sustainable Seafood; Theory of Planned Behaviour; Ethical Purchasing Gap; Drivers; Barriers.

Track: Food Marketing

1.0 Background
Decline in seafood species, damage to the oceans’ physical environment, overfishing, and bycatch have all contributed to the decline in fish stocks (Carrell 2013; Harvey 2013; Ocean Wise 2013). It has been reported that the current trends in seafood consumption will lead to a global breakdown of seafood species by 2048 (Branson 2013; MCS UK 2013). Government agencies as well as some industry players have already provided a series of initiatives to educate consumers about availability and the importance of consumption of sustainable seafood. However, despite the aforementioned efforts, the consumption of responsibly sourced seafood is not guaranteed. Research suggests that even when the consumer is knowledgeable about the benefits of a specific behaviour and exhibits intent to act upon that behaviour, the purchasing act may not occur due to a phenomenon called the ‘Ethical Purchasing Gap’ (Nicholls and Lee 2006; Moraes et al. 2012). This phenomenon is the outcome of the disparity between consumers’ intent to purchase and the actual purchase act.

The purpose of this study is to identify key drivers and barriers of sustainable seafood consumption in order to then identify approaches which will facilitate the closure of the EPG between purchase intention and actual consumption of sustainable seafood in the UK.

2.0 Sustainable Seafood Consumption
Consumption of sustainable seafood is becoming more and more popular as consumers become more focused on preserving the environment and diversifying their source of protein (APJ 2005; Reese 2013). Indeed, according to a report published by Mintel (2010), there are
16 million UK consumers who consider consumption of sustainable seafood as an important behaviour.

Environmental movement agencies, the seafood industry and the UK’s government are turning to this market-driven cause for assistance in creating initiatives to encourage sustainable seafood consumption and sustainable fishing practices (Konefal 2013). According to Reese (2013), sustainable seafood initiatives can engage consumers by empowering them to shape the world with food choices. These initiatives include eco-labelling, certifications, and TV shows, to name just a few.

However, despite reports of the success of sustainable seafood initiatives, UK consumers do not always follow through with their intent to purchase sustainable seafood. Moreover, a survey conducted in 2009 states that sustainable seafood is last on the list of consumers’ environmental concerns (The Grocer 2009). The survey found that 43% of the UK consumers had not considered purchasing alternative or sustainable seafood, while further 10% of consumers had consciously rejected commitment to such purchases (The Grocer 2009). Additionally, according to a report by Mintel (2010), two in five households find consumption of alternative seafood appealing, however, they do not purchase it due to lack of knowledge of which species are underutilised and where to purchase such species.

### 3.0 Drivers and Barriers to Sustainable Seafood Consumption

Previous studies have identified some of the drivers for sustainable seafood consumption as being flavour, convenience, diet variety, quality, health benefits, as well as positive attitude toward and familiarity with the product (Birch and Lawley 2014; Pieniak et al. 2013). Additionally, key drivers such as awareness of the sustainable seafood concept and cooking knowledge can help increase levels of consumption (Kemmerly and Macfarlane 2009; Fitzpatrick 2014).

Some of the key barriers to consumption of sustainable seafood have been identified as lack of preparation knowledge, inability to identify seafood varieties, lack of accessibility to seafood varieties, smell, taste, packaging, and lack of familiarity (Altintzoglou et al. 2010; Birch and Lawley 2014; Mayer 2014). Negative attitude and affordability have also been identified as key barriers to sustainable seafood consumption (Kemmerly and Macfarlane 2009; Birch et al. 2012).

This study aims to identify key drivers and barriers of sustainable seafood consumption in the UK and understand their impact on the EPG.

### 4.0 Research Questions and Hypotheses

The first aim of this study is to identify the key drivers and barriers to sustainable seafood consumption in the UK. The second aim is to examine UK consumers’ attitude towards, awareness of, and consumption habit of sustainable seafood. Therefore the following questions and hypotheses are put forward:

- **RQ 1**: What are the drivers and barriers of sustainable seafood consumption in the UK?
- **RQ 2**: What are UK consumers’ attitudes toward, awareness of, and consumption habits of alternative and more sustainable seafood products?
- **RQ 3**: How can the Ethical Purchasing Gap between purchase intention and actual consumption of sustainable seafood in the UK be reduced?
RH 1: A favourable attitude toward sustainable seafood will increase consumption of sustainable seafood.
RH 2: Understanding of the concept of ‘sustainable seafood’ will increase consumption of sustainable seafood.
RH 3: Ready availability of sustainable seafood will increase consumption of sustainable seafood.
RH 4: Knowledge of sustainable seafood availability in a grocery store will increase consumption of sustainable seafood.

5.0 Methodology

An in-depth interview was conducted with 13 individual grocery shoppers in Bournemouth, UK. Respondents were screened to ensure they were over 18 years of age and were the main/joint grocery shopper in their household. Out of the 13 interviewees, 11 were female and two were male, the gender difference is supported by research which reports that over 70 percent of grocery shoppers in the UK are female (Bignell 2013; Key Note 2008). The interview contained open ended questions related to sustainable seafood consumption habits, attitudes towards and awareness of sustainable seafood. Results were analysed by comparing and dividing the answers into appropriate themes and sub-themes. Once the data was organized it was analysed through the use of three key constructs from the Theory of Planned Behaviour which are attitude, subjective norms, and perceived behavioural control in order to identify links between beliefs and behaviour.

Surveys were administered to 152 respondents at the Castlepoint Shopping Centre in Bournemouth, UK. Of these respondents, 57% were female and 43% were male. The majority of the respondents (29%) were in the 60-69 age group, 25% were 70 plus, 24% were aged 50-59, 15% were aged 40-49, 4% were aged 25-29, 2% were aged 18-24, and 1% were aged 30-39. Questions aimed at finding out the frequency of consumption, species consumed, awareness of sustainability concept, and drivers and barriers to consumption of sustainable seafood. Answers were measured by using either a Likert scale method (strongly agree—strongly disagree, always – never) or by providing the respondent with a multiple choice answer.

6.0 Analysis and Results

All interviewees (n = 13) and several survey respondents indicate that price (affordability) is the main barrier to consumption of sustainable seafood. Interviewee 11 indicates that “you can’t really have sustainable seafood without an increase in price” and “not everyone can afford it”. Lack of understanding of the sustainable seafood concept is another key barrier to enabling higher levels of its consumption. Four interviewees do not know what the term means, with Interviewee 9 stating that “to be honest it doesn’t mean anything to me, I don’t know what it is,” and Interviewee 12 admitting that “maybe if I knew what it meant I would buy more of it”. Survey results also indicate that consumers either don’t understand (16%) or are unclear (17%) about the meaning of the term. Another key barrier to a higher level of sustainable seafood consumption is the lack of preparation and cooking knowledge, as indicated by 5 of the interviewees. For instance, Interviewee 1 and 2 state the following, respectively:
“I can only cook it if I have recipes or a friend or somebody from my family explains to me how to prepare it. Since I don’t have recipes and seafood is not something that I talk about with people, I don’t cook it very often.”

In contrast, a major driver for the consumption of sustainable seafood in the UK is the awareness of the importance of sustainability and preservation of seafood itself. Another key driver of the consumption of sustainable seafood in the UK is the attitude and preference toward fresh seafood. Interviewee 2, 6, 9, and 11 take time to find fresh seafood and are willing to pay premium.

UK consumers hold a favourable attitude toward sustainable seafood consumption as indicated in the findings of the in-depth interviews and the survey. Over a third (36%) of the respondents indicate that it is very important for them to purchase sustainable seafood, about one third (34%) indicate that it is important, while another one-fifth (22%) indicate that it is moderately important. Additionally, when respondents were asked “If sustainable options are available, how often do you choose it”, almost half (49%) report always, and another 16% report very frequently. Less than one-third (29%) of respondents report choosing sustainable seafood occasionally when it is available, while very few report rarely (5%) or never (2%).

The awareness of sustainable seafood is important as it provides the initial interest in or a potential purchase of sustainable seafood. About two-thirds (67%) of the respondents demonstrate understanding of the meaning of the term ‘sustainable seafood’. However, 16% and 17% of the respondents don’t understand or are unclear about the term, respectively.

With respect to consumption habits of alternative and more sustainable seafood products, just over half (51%) of the respondents indicate that they do try unfamiliar species, while almost half (49%) say that they do not try alternative seafood.

The majority (92%) of the respondents and all interviewees (n=13) display a positive attitude toward sustainable seafood consumption. Furthermore, 93% of the respondents show intent to purchase sustainable seafood. Consequently, based on the cross-examination of the positive attitude toward sustainable seafood consumption and the intent to purchase sustainable seafood (Table 2), it is evident that these two factors can help reduce the EPG in consumption of sustainable seafood in the UK.

<table>
<thead>
<tr>
<th>How important is it that the seafood you purchase is sustainable?</th>
<th>If sustainable options are available, how often do you choose it?</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Count</td>
<td>Always</td>
<td>Very Frequently</td>
</tr>
<tr>
<td>-------</td>
<td>--------</td>
<td>----------------</td>
</tr>
<tr>
<td>% within very important</td>
<td>70.9%</td>
<td>12.7%</td>
</tr>
<tr>
<td>Count</td>
<td>24</td>
<td>11</td>
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<tr>
<td>% within important</td>
<td>47.1%</td>
<td>21.6%</td>
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<tr>
<td>Count</td>
<td>9</td>
<td>4</td>
</tr>
<tr>
<td>% within moderately important</td>
<td>26.5%</td>
<td>11.8%</td>
</tr>
<tr>
<td>Count</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>% within of little importance</td>
<td>20.0%</td>
<td>20.0%</td>
</tr>
<tr>
<td>Count</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>% within unimportant</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Total Count</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>% of Total</td>
<td>18.7%</td>
<td>18.3%</td>
</tr>
</tbody>
</table>
The one-way ANOVA was used to determine if there are any substantial differences between the means of independent groups, based on the answered questions from the survey, “How important it is that the seafood you purchase is sustainable?” and “If sustainable is always available, how often do you choose it?”. A statistically significant difference was found between importance groups \( F(4,147) = 11.381, p = 0.00 \) indicating that the higher the importance of sustainable seafood as the choice of purchase, the higher is the probability of sustainable seafood being chosen when it is available.

An independent sample T-test was conducted to investigate the connection between understanding and purchase of sustainable seafood. Results of this test indicates that there is no significant difference between the two groups, indicating no association between understanding of the term ‘sustainable seafood’ and likelihood of sustainable seafood being purchased if available.

A non-parametric test (Mann Whitney U) was conducted, showing that the distribution of the frequency of seafood consumption is the same across categories of the likelihood of the consumer to purchase sustainable seafood \( \text{Sig.}=0.71 \). As such, availability of sustainable seafood does not directly increase its consumption. The aforementioned results suggest that other aspects, such as attitude, preference, etc., could carry greater influence on the frequency of sustainable seafood consumption.

Furthermore, one-way ANOVA test indicates that the knowledge as to whether or not one’s grocery store provides sustainable seafood has no bearing on the likelihood of it being purchased if it is available \( \text{Sig.}=0.23 \). The findings suggest that there is no direct relationship between knowledge of sustainable seafood availability in ones’ grocery store and higher levels of purchase intention. The intent of sustainable seafood purchase remains relatively high regardless of consumers’ knowledge, or lack thereof, of its availability in consumers’ grocery store.

Overall this analysis resulted in support for RH1 and rejection for RH2, RH3, RH4. Further investigation is suggested in order to gather a more in-depth understanding of relationship between above mentioned factors and an increase in consumption of sustainable seafood.

7.0 Conclusions
The aim of this research was to identify drivers and barriers to sustainable seafood consumption in the UK and to use the finding to create methods of closing the Ethical Purchasing Gap. Results confirm that a positive attitude toward consumption of sustainable seafood is one of the key drivers toward an increase in this behaviour, thus a catalyst for closing the EPG.

This research adds to the current literature by establishing that knowledge of sustainable seafood and its availability do not necessarily increase the consumption habit. Further research is proposed to study the relationships between these factors and the closing of the EPG.

Research finding suggest that availability of recipes and explanations of how to prepare various seafood species can generate sales. Interviewees indicate that television cooking shows and taste testers at supermarkets are the preferred methods of gaining the needed information in order to stimulate sustainable seafood consumption. Additionally, policymakers and health organizations need to look at the effectiveness of the current educational programs regarding seafood consumption and its benefits and make the necessary changes to appeal and be more visible to mass audiences across the nation. Moreover, supermarkets can create campaigns which include introduction of alternative seafood species, price promotions, and the ability for consumers to switch their usual seafood option for an alternative species at a lesser price, a method which has proven to be successful in Sainsbury’s stores with their Switch the Fish campaign.

8.0 Limitations

First, there are few academic sources concerned with the ways of reducing the EPG. Second, due to a limited time frame only 13 people were able to answer all of the interview questions and only 152 survey responses were collected and accepted as eligible. Third, the survey respondents were predominantly elderly people who might have a different outlook on the issue of sustainable seafood consumption as opposed to their younger counterparts. Finally, this study was conducted in Bournemouth, UK only. A wider area could not only increase the number of participants but also provide a more diverse sample size to offer further validity of the results.

9.0 Future Research

Finally, one area for future research is concerned with a more profound study of methods which could lead to changes in consumer purchase behaviour, more specifically an investigation into methods that can yield higher levels of transference between purchase intention and actual consumption of sustainable seafood. Such study can be conducted by applying the Transtheoretical model and examining the impact and effectiveness of various habit change intervention methods on consumption levels and frequencies.

References


Shrinking the food-print: Understanding consumers to promote healthy and environmentally friendly food behaviours

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Abstract
Globally there is increased recognition of the importance for multilevel policy responses to address healthy and environmentally friendly food behaviours. However it is not yet clear which policies may support consumers to adopt them. In order to prepare for a nation-wide survey, we performed 15 online in-depth interviews. The objectives were to explore consumer beliefs and behaviours along with identification of enablers and barriers to perform the four key food-related behaviours of eating animal and plant products, processed foods, overeating, and food waste. Results show knowledge and awareness about environmental aspects were generally low – primarily referring to packaging and ‘chemicals’ in foods. Further, consumers thought the combination of healthy and environmentally friendly foods was plausible, although health was clearly a stronger driver in food choice. We therefore recommend health should be used as the guiding principle for policies, as this has greater potential to support behaviour change.

Keywords: food, health, environment, consumer behaviour
Track: Food Marketing

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Introduction
What consumers buy, prepare and eat does not only impact their health but also the environment. Food production is responsible for ±30% of global greenhouse gas (GHG) emissions, and accounts for 70% of all human water use (Garnett, 2014). Furthermore, the food system is under pressure to produce ‘more from less’ as it attempts to meet demands from an expanding population with increasingly restrained resources (mainly land water, fertilizer and transport). For a number of decades policy makers have been providing advice to support consumers to eat in a healthy way. The research presented in this paper is addressing the desire for insights and evidence to include environmental considerations as well, thereby supporting consumers to eat in a healthy and sustainable way (Friel et al., 2014; Lawrence et al., 2012; NHMRC, 2013; Pearson et al., 2014). It is based on empirical results from the explorative qualitative stage of a larger project.

Health, sustainability, and food – through the eyes of professionals
What exactly are healthy and environmentally friendly food behaviours? Specifying this in terms of particular foods, food categories and consumer behaviours has proven to be challenging (Van Dooren et al., 2014). Starting with the health component, one finds there is a large body of scientific evidence that enables specification of the features of a healthy diet. In Australia, recommendations for the amount and kinds of foods that consumers should eat for health and wellbeing are provided by the Australian dietary guidelines (NHMRC, 2013).
These are used to guide the activities of health professionals, policy makers, educators, food manufacturers, and food retailers and thereby have a potential impact on consumer’s food choices. As is the case in Australia, at present almost all dietary guidelines worldwide are focussed on health. However, an increasing number of professionals are suggesting that future dietary guidelines should be based on environmental as well as health science (Van Dooren et al., 2014). Further it is recognised that measuring the environmental sustainability of specific foods is still under development (Friel et al., 2014), as is identification of behaviour changes required and their potential acceptance by consumers (Pearson et al., 2014).

Key principles that underpin a theoretical healthy and sustainable diet in the Australian context have been articulated (Friel et al., 2014). This diet is based on three overarching principles, which can be translated into food behaviours: (1) reducing overconsumption – not eating more than a person’s energy requirement (2) reducing consumption of discretionary foods, which are energy-dense and highly processed and packaged products (3) eating less animal- and more plant-derived foods. These food behaviours are in line with and supported by other recent reports (Garnett, 2014; Pearson et al., 2014; Van Dooren et al., 2014). In addition to these food intake behaviours, there are those that relate to food provisioning. In this domain reducing the amount of food waste is highlighted as a priority for change (Pearson et al., 2014). Research estimates that about one-third of food produced for human consumption is lost due to waste, of which a substantial amount is wasted by consumers in their homes (Gustavsson et al., 2011). Reducing food waste is therefore the fourth behaviour of interest in this research report.

These four food-related behaviours as recommended by professionals are based on the available scientific evidence on health and environmental impact. However, these have not yet been researched from a consumer behaviour point of view, which is essential to support development of policies, and is the subject of this research.

Health, sustainability, and food – through the eyes of consumers

Previous consumer research has mainly been conducted on health (eg. perceptions or behaviours) in relation to dietary guidelines (e.g. Nicklas et al., 2013) or the environmental aspects of foods (eg. ecological, organic, or environmentally friendly) (e.g. Lea and Worsley 2008; Van Dam and Van Trijp, 2013). To our knowledge this is the first Australian study that focuses on consumer perceptions of health and environmental aspects of foods. A major challenge in this field is that consumers claim to find certain food attributes, such as ‘healthiness’ and ‘environmentally friendliness’, important but this does not translate into behaviour in a consistent way (Van Dam and Van Trijp, 2013). Asking consumers what matters to them may not reflect what attributes really determine their food choice (Mueller et al., 2010). Van Dam and Van Trijp (2011) therefore proposed to include different levels of use, or involvement, to better understand the discrepancy between attitude and behaviour, and to use measures that better predict actual behaviour, such as attribute determinance rather than standard attitude and attribute importance ratings. These principles underpinned our approach, which is described in more detail in the Methodology section.

In summary, this project set out to identify opportunities for encouraging consumers to move towards more environmentally friendly and healthy diets. Such information will help inform government policy and practices of other organisations interested in supporting such changes.

Methodology

Online in-depth interviews
We used a qualitative research approach to provide deep insights into the subjective experiences and perceptions of consumers. Semi-structured face-to-face interviews were held online in June 2014. A professional web-based interview tool which incorporated webcam, audio and chat with images, videos, and quick polls was used. Besides these enhanced features, we chose to do online interviews because participants were sought from throughout Australia and it reduced time and travel costs. Online interviews offered the additional benefit of having participants talk conveniently in their own home environment and this has been reported to result in greater disclosure than offline methods (Wilkerson et al., 2014). All interviews were performed by one trained Australian interviewer and lasted around 60 minutes each.

Recruitment, Participants, and Profiling their level of involvement
As of mid June 2014, 15 people were recruited via a market research agency to participate in the online interviews. The true purpose and background of the study were not revealed during recruitment of participants.

In order to better understand drivers and barriers along the path of behaviour change we aimed to include consumers who are ‘not at all involved’ with healthy and environmentally friendly food behaviours up to ‘very involved’. This was assessed using a short survey consisting of forced choice items following the attribute determinance measure approach (Van Dam and Van Trijp, 2013). A total of 10 attributes were selected: two being of relevance to this research namely healthiness’, ‘environmentally friendly’, and the remaining eight covering key utilitarian food choice dimensions based on the Food Choice Questionnaire (Steptoe et al., 1995), ‘animal friendly’, ‘convenient’, ‘tastes good’, ‘good price’, ‘familiar’, ‘looks nice’, ‘fits with my religion’, and ‘cheers me up’.

Potential survey respondents were shown 4 attributes at one time and needed to select the one attribute they considered most decisive when purchasing food products for themselves. The forced choice items were designed in such a way that each attribute appeared six times, and all possible pairs of attributes occurred 2 times. Attribute determinance could then be calculated from the number of times each attribute was chosen as the most decisive attribute, ranging from 0 (never) to 6 (chosen at each occurrence). We calculated the combined sum score of the attributes ‘healthiness’ and ‘environmentally friendly’ from the number of times they were selected. We applied a classification of “low involvement” consumers when the sum score ≤ 2, “medium involvement” when sum score 3-5, and high involvement when sum score ≥ 6 with both ‘healthiness’ and ‘environmentally friendly’ chosen at least once.

In addition to level of involvement, participants were purposely selected from different sociodemographic backgrounds, resulting in a sample of 10 females and 5 males, aged between 22 to 62, from the states NSW, VIC, QLD, WA and SA. In addition, they had to have (shared) responsibility for their household grocery shopping, speak English as the first language in their home, and have a webcam and high-speed internet connection. People with a certain diet or lifestyle due to medical reasons or food allergies were excluded from the study. Participants received a financial compensation of 50 AUD for their participation.

Interview procedure
The interview set out to first tap into the world of the participant and then gradually transition towards aspects of health and environmentally friendly food behaviours. At the first stage participants were asked to show and describe three foods that they regularly buy and eat. From this stage we could assess which food quality attributes participants spontaneously...
mentioned and found important. Subsequently a projective technique was applied by showing an illustration of people shopping for foods and asking what they would be thinking if they would shop for a healthy meal, and subsequently for an environmentally friendly meal. Associations, perceptions, relevant attributes and products, search criteria, current behaviour, and level of knowledge were obtained from the discussion that followed. The interviewer then introduced and discussed the concept of healthy and environmentally friendly foods and the type of products involved. After that the four food behaviours (see Introduction) were shown one by one in a text box and discussed broadly for interpretation, attitudes, beliefs, fit or gap with current behaviour, motivation, enablers and barriers to perform the behaviour, using quick poll questions (easiness to perform the behaviour, perceived impact on the environment, perceived impact on health). The discussion ended with a list of potential government policy options, which is not described in this paper.

**Key Findings and Discussion**

The adapted attribute determinance questionnaire functioned well for recruiting and distinguishing different levels of actual involvement of participants. For example, while most people said they find the healthiness of foods important (ratings 5 or higher on a 7-point scale), the forced choice questions often revealed a different picture where health was not determinant in food choice.

The concept of health and environmentally friendliness

Environmental aspects were hardly mentioned spontaneously in the interviews, not even by highly involved consumers. Taste, price, brand, familiarity, habit and convenience usually came first, followed by health.

Associations with environmentally friendly foods were: “less chemicals”, “less pesticides”, “less plastic”, “organic”, “animal friendly”, “free-range”, and “more natural” and “fresh”, in line with previous reports (see Barrios and Costell, 2004). The latter two were also frequently mentioned in relation to healthy foods. People referred mostly to free-range eggs, fresh fruit/vegetables, and organic products when they were asked to describe environmentally friendly foods. Most participants thought of varieties or premium brands of packaged products and not of types of foods, food groups or behaviours that are environmentally friendly. For example, low involved female mentioned “the coffee beans at McDonalds that say environmentally friendly” as a typical environmentally friendly product.

When the concept of healthy and environmentally friendly foods was presented consumers felt it was plausible and did not present a trade-off. Natural and fresh produce, such as fruit and vegetables, were considered as the best examples, because they are regarded to be healthy and environmentally friendly. However, it was clear health was the dominant feature and from it would probably not hurt the environment either. As mentioned by a medium involved female: “I would assume products can be both healthy and environmentally friendly, yes... but only because you just mentioned it.”

Four healthy and environmentally friendly food behaviours

Consumer responses on the selected behaviours are described below in decreasing order of consumer motivation to comply. Except for reducing food waste, which has no health benefit, the remaining three food intake behaviours were unambiguously regarded as having a greater impact on health than the environment. Hence the perceived health impact was, or could be, the key motivator to perform the specific behaviour.
Don’t eat a lot of highly processed and packaged foods
This food-related behaviour touched a tender spot, with participants strongly arguing that what they perceived as processed and packaged foods should be avoided as much as possible. This was driven by health, more specifically a fear of ingesting “unnatural” or “chemical” substances, with some notion of these foods being higher in fat, sugar and sodium. Although too much (plastic) packaging was clearly regarded to be harmful to the environment, which served as cue for environmentally friendliness (see also Pearson et al., 2014), there was little understanding and awareness of the processes behind food production. As a result, processed and packaged product varieties with “no harmful additives” (for example muesli bars) were actually not perceived as being “processed”. As demonstrated by a highly involved male: “Well….tinned tomatoes are only tomatoes and there is nothing added to it”.

“Don’t waste food”
Low and medium involved participants generally did not associate this behaviour with the environment. Reasons not to waste foods were mostly financially driven or because of social ‘guilt’ i.e. with undernourished children in developing countries in mind. As demonstrated by low involved female: “If you throw out food…it is like throwing money in the bin” Better planning with shopping and cooking were mentioned as strategies to avoid food wastage, which is in line with other consumer research reports (Stefan et al., 2013).

“Don’t eat too much”
Participants thought this behaviour was very relevant in the context of health, obesity and weight maintenance, and claimed to pay attention to this already in their daily lives. It was described as a subjective experience and “eating until you feel full or satisfied”, without reference to the wider concept of overconsumption and the environment.

“Don’t eat too much animal-derived products (e.g. meat and dairy) and eat more plant based food (fruit vegetables, and legumes/beans)”
This food-related behaviour led to ambivalent responses. Interviewees strongly agreed with the plant-based component (“you can never eat too much fruit or vegetables”), but rejected the idea of eating less animal-derived products. As a result, some people dissociated from the entire behavioural advice. Taste and enjoyment, perceived health, and familiarity with cooking style were mentioned as reasons not to reduce meat consumption, in line with previous reports (Hoek et al., 2011; Lea and Worsley 2001). There was an all-or-nothing attitude among lower involved participants, thinking it was about reverting to vegetarianism, with little responsiveness to substitution or reduction strategies (see also De Boer et al., 2014). Also the differences between types of meat and their impact on the environment were not recognized. Moreover, none of the participants agreed with, or understood why one should eat less dairy foods. As demonstrated by a high involved male: “I do not see a problem with eating dairy. Yoghurt is very healthy, and I always choose the low fat one”.

In conclusion
Professionals have articulated a set of healthy and environmentally food behaviours, however these are not aligned with current consumer perceptions and behaviours. The findings from this study support the argument to incorporate environmental considerations into dietary guidelines.

These results indicate that the relationship between food-related behaviours and their impact on the environment seems to be absent, or at best poorly understood by low and even medium involved consumers. For those consumers that are highly involved, it is merely considered an
additional benefit and obviously not the main decisive factor in food-related behaviours. Utilitarian benefits such as taste, price, convenience and familiarity tend to prevail for consumers at all levels of involvement. This presents a challenge, or barrier to overcome, if consumers are to be encouraged to choose more environmentally friendly foods. Consumers make a trade-off between different benefits and if the more environmentally friendly product (or behaviour) is also perceived to be less tasty, more expensive, or more difficult, then only few consumers will choose to do so.

Accepting the need to meet current expectations regarding utilitarian benefits, the challenge is how to encourage change that embraces additional issues. This study indicates health is more important consumers than environment, hence emphasising health and then adding environment has greatest potential to support changes towards the ultimate goal of healthy and environmentally sustainable food-related behaviours. This will be explored further with ongoing quantitative research as part of this project. Additional research is required to understand consumer food information environments and optimal policies and associated communications to encourage intermediate steps towards the behaviours sought.

Acknowledgements
The study was approved by the human ethics committees of the University of Canberra, Australian National University and Deakin University.

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Sustainable horticulture: understanding barriers to the adoption of innovation

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Abstract
The purpose of this paper is to explore barriers to the adoption of sustainable horticultural practices. A total of 12 in-depth interviews were undertaken with growers and key informants. Key barriers are primarily associated with financial and marketing constraints. For some growers, lack of assurance in new sustainable practices and potential for loss of yields is an issue. There are conversion costs and the perception that organic farming systems are labour intensive, difficult and time consuming to implement. Growers face structural barriers to change as they are price takers and lack power in the supply chain. This study makes an empirical contribution to the literature on sustainable food systems by exploring barriers faced by growers in Queensland, Australia, in particular, the characteristics of the innovation itself such as relative advantage (Guerin, 2000; Rogers, 1995).

Keywords: Organic Farming, Adoption of Innovation, Sustainable Agriculture

Track: Food Marketing

Introduction and Literature Review
Sustainable horticulture is a ‘multifaceted concept’ and is likely to reflect a variety of motivations and practices, such as integrated pest management (IPM), organic farming, biodynamic farming and local food supply. It generally refers to a form of agriculture that minimizes environmental problems, whose farms earn stable and profitable returns, where workers and animals are treated fairly, and the food produced is of high quality (Lee, 2005). It is argued that increasing the efficiency of production is eminently rational as it secures a win-win result for both the environment and the farmer (Hamblin, 2009). While Australian agriculture is one of the least distorted and most efficient systems in the world (Bjorkhaug & Richards, 2008), some writers argue that the productivist model of agriculture is undermining environmental goals (Pillarisetti, 2002; Hochman et al., 2013), endangering national food security and accelerating rural decline (Dibden & Cocklin, 2005; Bjorkhuag & Richards, 2008; Dibden, Gibbs & Cocklin, 2013; Lawrence, Richards & Lyons, 2013). There are well documented concerns around global agriculture, food and distribution systems and their environmental impacts in terms of energy use, land disturbance, water use and emissions of greenhouse gases (Lang & Heasman, 2004; Notarnicola et al., 2012).

Very little is known about Australian growers and their attitudes towards sustainable horticulture, at least in the academic literature. Organic farming is one approach to sustainable agriculture and is classified as “deep sustainability” (Hill & MacRae, 1996). In Australia, organic farming is experiencing rapid growth (Department of Agriculture, Fisheries and Forestry, 2011), but it lacks government support (Wheeler, 2011). Market reports show that lack of consistent volumes of supply is hampering growth and producers cite pricing and cutting of margins to the point where it is not viable for them to risk production of a given crop (Biological Farmers Association, 2012). There is a small, but growing body of literature on understanding the attitudes of farmers towards sustainable farming in Australia (Lockie et al., 1995; Lockie, Lyons & Lawrence, 2000; Cocklin, Mautner & Dibden, 2007; Higgins, Dibden & Cocklin, 2008; Wheeler, 2008; Greiner, Patterson & Miller, 2008; Patrick, Barclay & Reeve, 2009; Andréé, Dibden, Higgins & Cocklin, 2010; Lankester, 2012; Alonso &
Northcoat, 2013). The primary barriers to the adoption of organic farming are market issues such as lack of price premiums and small market size along with on-farm issues such as lower yields, pest and disease problems (Wheeler, 2008). Other barriers relate to the knowledge generation process (McKenzie, 2013) and the characteristics of the innovation itself such as complexity, relative advantage and observability (Guerin, 2000).

The study’s objectives and methodology
The objective of this study is to explore the key factors that prevent growers from adopting more sustainable practices. A total of 12 semi-structured interviews have been conducted to date. Four interviews were undertaken with growers and eight interviews were conducted with key informants. As the research is ongoing, the findings are preliminary in nature. Key informants were defined as agricultural professionals, such as extension officers, scientists, academics and members of natural resource management groups, who conduct research and/or provide advice to horticulturists. Respondents were recruited by using the authors’ professional networks, attending the AUSVEG trade conference and through snowball sampling (Dragan & Isai-Maniu, 2012). In keeping with the conventions of the key informant method (Tremblay, 1957), interviews were semi-structured with some open-ended questions and the interviews began with a set of ‘grand tour’ questions (McCracken, 1988) about participants’ personal backgrounds and interests and then turned to their experiences and beliefs regarding sustainable horticulture. The duration of the interviews ranged from 50 minutes to one hour and 45 minutes. All the interviews were audio-taped and transcribed.

Research Findings
The study reveals four major barriers to the adoption of sustainable horticultural practices and these are outlined in Table 1.

<table>
<thead>
<tr>
<th>TABLE 1: Barriers to the Adoption of Sustainable Horticultural Practices</th>
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<tbody>
<tr>
<td><strong>Barriers To Adoption of Organic Farming</strong></td>
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<tr>
<td>Financial</td>
</tr>
<tr>
<td>Market demand and consumer behaviour</td>
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<tr>
<td>Industry/Structural Barriers</td>
</tr>
<tr>
<td>Lack of assurance in, or questioning, of sustainable farming systems</td>
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Financial barriers
A major barrier to the adoption of more sustainable practices was financial. Growers were faced with low profitability and high costs and could not afford to pay the upfront costs associated with new technologies or precision agriculture. In the words of one grower:

“I don’t think that technically any farming businesses around here are technically sustainable. There is always an input, especially as we move toward higher technology, diesel and fuels. You can’t farm in Australia without high fuel inputs. There are also labour issues, particularly in the north here… You had to have an outside job to sustain the farm. And that’s not the way to do it.”

Consequently, effective extension services (which refers to technology transfer in a rural context) were said to be those that focus on the economic dimension, in other words, growers would adopt certain practices if they saw economic advantages in adopting them. Organic growers were faced with problems: loss of income during the three year conversion period to certified organic farming; concerns over how to pay existing overheads; the cost of compliance; high cost of organic inputs and high labour costs (organic farmers relied on backpackers and the Willing Workers On Organic Farms program).

Market demand and consumer behaviour
There were also significant barriers in relation to market demand and consumer behaviour. The organic food market was seen as niche and small-scale. Organic growers targeted upper middle class consumers and sold into non-local markets such as Brisbane and Melbourne. Key respondents felt that there was a limit to the price that consumers would pay for organic produce and the lack of premium prices would restrict entry of more growers into the sector. One respondent was worried that the widespread adoption of organic farming would result in a fall in prices, and consequently, it wouldn’t be economically viable.

Industry barriers
Industry or structural barriers were evident. Growers were described as price takers who were selling a commodity product and they lacked power in the supply chain. A few banana growers remarked that they were willing to sell food at below the cost of production rather than throw it away. One grower claimed that they were competing against a large multinational grower who was engaged in predatory pricing practices; furthermore, price-fixing allegations in the wholesale and retail trade were made. There was a perception that the large gap between farm gate prices and wholesale/retail prices was restricting consumer demand for organic produce.

Lack of assurance in, or questioning, of sustainable farming system
For some growers, there was a lack of acceptance, or at the very least, some questioning of organic standards. One grower felt that the local certifying body was inflexible, not open to innovation and as a result he was prohibited from using an input that was available locally. At the same time, he was worried about the integrity of international organic standards. He explained how an allowable input, such as liquid nitrogen, can “force growth” in the banana crop and compromise taste. Barriers cited included the lack of support from accreditation bodies and the government, learning by trial and error and the negative image associated with organic farming (“hippy” connotations, lifestyle farming that was not financially viable). The hard work associated with organic farming was highlighted:
“When I spoke to the auditor last time he said that it’s [organic farming] in decline. A lot of farmers have just given up. It is too hard. It’s not worth it. [Too hard in terms of] Physical labour, making money. The inputs are just too expensive”.

Farm size was also put forward as a possible barrier to adoption of sustainable practices (applicable to both organic farming and integrated pest management techniques):

“We have to do a lot more slashing and a lot more hand work with whipper snipping but you get a different mix of weeds and different mix of native plants recolonising the area. If you can manage that, and not every farm operation can do that. Not all farms can do that, but because we are on a small farm we can have a very intimate knowledge of different parts of the property and manage different parts of the property in different ways”.

For conventional growers, chemicals were primarily used to control pests and protect yields. One comment was:

“The pesticide is like a handful of urea – you throw it on today, and you’ve got a result tomorrow. You don’t always see a quick response with other, softer approaches. So chemicals are seen as cheap insurance and when it comes to horticulture, high value crops, chemicals are not a very dear part of the cost of production, so I don’t think they (farmers) are slowing down their chemical usage that much or it’s happening very slowly”.

Views on chemical usage varied depending on whether the grower was conventional or organic. Some agricultural professionals and organic growers saw it as a major problem, i.e. increase in pest resistance, non-selective nature of chemical treatments, implications for soil fertility. Organic growers strongly believed in improving soil health and saw no conflict between their environmental goals and business goals. In other words, if the soil was healthy then that would eliminate major pest problems and everything else would fall into place. If the soil was not healthy then the financial viability of the business would be jeopardised. They were inclined to adopt a long-term view and condemned the market-driven, “high-yield now, less-yield later” prevailing chemical practices. In the words of one grower:

“The whole system was falling apart…So I was buying more, more pressure from the marketplace, but I had to make sure that I was getting the returns to pay for the inputs that I was putting in. At the same time what was happening was that it was at the expense of my farm,…In terms of my natural capital. It’s all about my biodiversity. It’s all about my soil. All about that. It was coming at a cost to that. Who was going to pay for me to replace that or was I at a point that the damage was so great that I am not able to stay here anymore, I am going to have to go somewhere else to farm…chemicals are a recipe for imbalance and greediness of wanting more things to the point that nature cannot deliver. Nature is always trying to find a way to correct itself. But we are trying to beat nature, instead of trying to work with nature, we are trying to beat it. The thing with that is it is all about money. How to produce more. How to get more. Coming from the marketplaces, bigger, more”.

**Implications and Conclusions**

In this study, the views of growers and targeted agricultural professionals were very similar. Both groups were likely to name demand constraints (niche market, lack of premium prices), financial constraints (low profitability), conversion costs (learning by trial and error, hard work) and lack of power in the supply chain. Australia has one of most concentrated supermarket sectors in the world, so suppliers selling commodities such as fruit and
vegetables are price takers and face uncertain prospects (Australian Food and Grocery Council, 2011). Growers were quick to stress the actual reality of being primary producers and talked about their willingness to sell food below the cost of production rather than throw it away. There were also allegations of predatory pricing and price fixing in the banana sector. Organic growers were highly critical of conventional farming practices with its reliance on chemicals that had led to soil problems and decline in land value.

Our findings are consistent with other studies on the adoption of sustainable farming practices. Multiple authors highlight the “cost-price squeeze” on farmers and reducing inputs is the main reason for converting to low-input farming (Sutherland, 2011). This is the ‘relative advantage’ (Rogers, 1995) of adopting a new farming method, but it is compromised by other factors, such as labour intensity, risk of low yields and uncertainty about one’s ability to learn a new system of farming (de Buck et al., 2001). Similar to Wheeler’s (2008) study, financial constraints and market issues are two key barriers. Other studies show that financial benefits and environmental factors (i.e., improving soil quality) are key drivers of practice change, with lack of funds, age and lack of time and workload being limiting factors (Ecker, Kancans & Thompson, 2011). A UK study (Burton, Rigby & Young, 2003) found that and attitudes to the environment, along with information networks (e.g. reliance on other farmers) and gender (e.g. being female) influence the adoption of organic farming. In the literature, it is recognised that sustainable farming methods are knowledge-intensive, transitions are non-linear and they demand strong linkages between stakeholders, farmers and advisors (Hochman et al., 2013; Lamine, 2011). The literature shows that most ‘barriers’ to the adoption of innovation have a rational basis such as costs of implementation, risk, complexity and incompatibility with other aspects of farm management (Vanclay and Lawrence, 1994); adoption is complex and conditioned by the accumulation of experience, information, technical skills and physical capital, along with economic or social circumstances that exist at the time of adoption (Burton, Rigby & Young, 2003). Foster (2013) concludes that, while significant funds for Australian research and development go into IPM related areas, much more could be done to promote sustainable agriculture. As state departments have moved towards a market-driven or client-driven philosophy of service provision (where farmers have to pay for advice), researchers have predicted that this loss of extension officers will have far-reaching consequences for Australian agriculture (Guerin, 2000). Recommended strategies for overcoming barriers include market incentives, investigation of anti-competitive behaviour and further investment in extension services. Market incentives could include co-payments or tax concessions for improving soil quality, farm sustainability and investing in value-added processes that reduce food waste. Furthermore, taxes on synthetic pesticides could potentially be used to fund research and development. Consumer education campaigns would also be worthwhile. A more serious evaluation of support measures for farmers making the transition into sustainable agriculture should be taken by Australian policymakers.

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FOOD MARKETING ABSTRACTS
The Influence of Personal Consumption Norms on Food Consumption Volume

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Abstract

Norms have received attention as a factor influencing food consumption volume, although a lack of clarity persists concerning what these norms are and how they affect behaviour. The supposition tested herein is that individuals possess personal consumption norms, concrete reference points to which they target behaviour. Three experiments conducted at an Australian university are presented. Two of the experiments involve intended food consumption and the third examines actual food consumption. All studies demonstrate that participants can provide a personal norm for how much food they would typically consume that is independent of manipulated industry influences, and that their intended or actual food consumption is significantly related to their personal norm. When examining actual food consumption, how committed one is to adhere to their norm is negatively related to the absolute difference between their norm and consumption.

Keywords: Personal norm, commitment to norm, food consumption

Track: Food Marketing
Small Size, Big Bite:  
Reassessing the Partitioning Paradox

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Abstract

We replicate and extend the research of Do Vale et al. (2008) and Scott et al. (2008) to examine the effect of multiple, small package formats on consumption. We show a replication of the previous result where restraint is manipulated, but not where it is measured. We also conduct a meta-analysis and show that the partitioning effect, which leads restrained eaters to eat more from small package formats, is a medium size effect. Importantly, we find that there is an equivalent size partitioning effect on unrestrained eaters, but in the opposite direction; that is, they eat less.

Keywords: partitioning, package size, portion size, food consumption

Track: Food Marketing
Transition Between Shopper Types: A Study of Food Buying by Indian Professionals

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Abstract

Indian food industry which is in a nascent stage is seeing both demand and supply side changes. On the demand side rising incomes and changing lifestyle are making consumers for branded/ packed food products perceived to be of better quality or organic foods which are perceived to be healthier. This coupled with the supply side changes, such as new retail formats, availability and cost are leading to the formation of different shopper types. The objective of the study is to understand the shopper types and identify the variables to upgrade the shopper type for food buying amongst Indian professionals. 1220 professional across India were interviewed to find out their attitudes and behavior for food purchases. The data was analyzed using hierarchical cluster analysis. Four shopper types and the linking variables to transit between them are identified. Implications for food retailing have been drawn.

Keywords: Food Buying, India, Hierarchical clustering

Track: Food Marketing

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Abstract

Poor dietary compliance and the continued consumption of processed packaged food have been cited as the major cause for the prevalence of diseases and medical complications such as diabetes, coeliac disease, obesity, heart disease and food allergies. The reasons for poor dietary compliance and the prevalence of risky food choices among the special dietary needs individuals remain unclear as there is limited research on food decision making among the special dietary needs population. This study aims to explore and identify the key cognitive factors and variables underpinning and impacting food decision making among the special dietary needs population. A qualitative approach beginning with an initial in-depth interview will be introduced followed by convergent interviews at various stages of the study with in-store observations will be introduced.

Keywords: Special Dietary Needs, Food Decision Making, Perceived Risk, Processed Packaged Food

Track: Food Marketing
The Influence of Nutritional Information in Food and Drink Products on Young Consumers’ Purchase Intent

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Abstract

The objective of this paper is to investigate the influence of nutritional information available on the packaging and labels of selected food and drink products on young consumers’ purchase intent. To this end, a survey was conducted with 430 young consumers in South Brazil. Two products (Pepsi Light and Negresco) were chosen for the study. Results indicate that the information available on food labels influences purchase intent. Energetic value and trans fat revealed themselves to be the most significant attributes at the moment of purchase. Statistical differences were found between the consumer groups, in accordance with sex and age. Females from 24-35 years old were considered a target group in terms of effective marketing communication and advertising strategies in regard to nutritional information. Managerial implications aiming at the food and drink industry and the development of public policies related to nutrition labeling are further discussed.

Keywords: Nutrition, Food Consumers, Promotion, Purchase Intent

Track: Food Marketing
Predicting Chinese Adolescents’ Intentions to Engage in Healthy Eating

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Abstract

This research extends the application of the theory of planned behavior to the Chinese context. A survey was conducted to investigate how attitude, perceived behavioral control (PBC), subjective norm, perceived barriers, self-efficacy, past behavior, and knowledge about healthy eating influence healthy eating intention among adolescents in mainland China. Altogether 635 adolescents were asked to complete a structured questionnaire. Results showed that PBC, self-efficacy, past behavior, and knowledge predicted boys’ healthy eating intention, while attitude, PBC, and past behavior were the significant predictors for girls. Furthermore, past behavior was found to moderate the attitude-intention relationship for both boys and girls, while knowledge was found to moderate the PBC-intention relationship for boys only. Past behavior was the strongest predictor of behavioral intention.

Keywords: consumer psychology; social marketing; young consumers; health communication

Track: Food marketing
Poster Submissions*

* Poster submissions were not peer-reviewed.
Impact of Self-Change on Product Disposal

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Abstract

Three experiments show that consumers are more likely to dispose their possessions when the concept of self-change is made salient. This is because thinking about self-changes elicits an action tendency, which in turn results in more product disposal. This effect is eliminated when the disposal decision is made for others.
Investigating Consumer Reactions toward Publicized Product Downsizing

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Tianle Zhang, Lingnan University
Lingjing Zhan, Hong Kong Polytechnic University

Abstract

Results from three experiments show that consumers react more negatively toward product downsizing than toward comparable price increasing, even when the company voluntarily publicizes the size or price change in advance. This effect is caused by consumers’ doubt on the company’s honesty when it downsizes its products.
Whether Formal or Informal Communication Channel has Better Effect to Strengthen Job Satisfaction

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Abstract

The aim of this research is to investigate the relationship between communication types and job satisfaction. The hypotheses predicted the positive relationships between different types of communication and job satisfaction. The results from 300 hospital nursing staffs showed that communication climate has the strongest effect on job satisfaction.
The impact of service innovativeness of mobile banking on the relationship investment behavior from the perspective of temporal construal theory

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Abstract

According to temporal construal theory, this study explores whether intangible service innovativeness plays a mediate role between tangible service innovativeness and relationship investment behavior, to provide guidelines for future service innovation, especially in mobile banking. Five trained interviewer conducted the survey in Beijing and Taipei. Data were collected on weekdays over a 1-week period. A total of 450 approaches were made to obtain 421 valid samples. These results indicate that tangible service innovativeness should be designed based on administration service innovativeness of mobile banking, to fulfil the needs and desires of mobile banking consumers and stimulate the shaping of consumer continuous usage behavior. On the other hand, mobile banking should be based on the method of employee service innovativeness and interactive experience between consumers and employees to design and provide innovative services such as technology, hardware, software, and equipment. Thereby the purpose of stimulating consumers to continuously invest resources to maintain the interactive relationship with mobile banking can be achieved.
The impact of online video narrative advertising on the behavior of long-term and short-term health promotion from the perspective of Hot/Cool-system

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Abstract

Based on the perspective of hot/cool-system and through a task-based laboratory study (204 valid samples), this study explores how audiences’ different self-referencing methods (narrative self-referencing and analytical self-referencing) and different types of positive anticipated emotions influences, affects, and reacts with the audiences’ behavior of long-term and short-term health promotion. The results revealed that narrative self-referencing had a significant effect on short-term health promotion behavior, but no significant effect on long-term health promotion behavior. Meanwhile, analytical self-referencing had a significant effect on short-term health promotion behavior and long-term health promotion behavior. On the other hand, concrete positive anticipated emotions had a significant effect on short-term health promotion behavior, but no significant effect on long-term health promotion behavior; abstract positive anticipated emotions had a significant effect on long-term health promotion behavior, but no significant effect on short-term health promotion behavior. The study results can provide elements to assist in the design of online video advertising on disease prevention and health promotion.
Haptic Precision Effect

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ABSTRACT

We hypothesize a haptic precision effect, where consumers engaging in precise hand movements will demonstrate increased attitudes toward products requiring more fine-grained consumption behaviors. Two experiments and an individual difference study were conducted to test this hypothesis. Two more studies are also proposed for further clarification of the mechanisms.
New perspectives on democratisation in the luxury market: The engagement of consumers in marketplace meanings

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*John Knight, Otago University, New Zealand*

Abstract

Luxury market has significantly changed as a result of the democratisation of luxury. Consequently new luxury markets such as rental, second-hand, and counterfeit luxury have emerged. This research seeks to understand the role of consumption in the emergence of those markets; and how these changes altered the meanings of luxury for consumers.
Fast Fashion vs Luxury Fashion: A model explaining the effects of self-congruency and consumers’ need for uniqueness on brand preference

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Abstract

The fashion industry is currently experiencing growth in a unique style of fashion retailing called fast fashion. Unlike luxury fashion it provides a style of instant cutting edge fashion at affordable prices. In this poster we will explain “What differentiates the motivation to purchase either fast fashion or luxury fashion brands?”
The Effects of Social Setting and Portion Size on Food Consumption Amount

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Abstract

This research aims to study the combined effect of portion size and social setting on individual’s consumption amount. Results show main effects for portion size, social setting, and self-esteem, and that the portion size effect is moderated by social setting and self-esteem, while measured restraint had no effect on consumption.
How To Solve Inter-Client Conflicts In Service Encounters?

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Siu Fong Isabel Fu, University of Macau

Abstract

Drawing upon Interpersonal circumplex model, complementarity concept, and justice theories; the current research is able to provide insights and implications to the service literature by uncovering the mechanism about how to solve inter-client conflicts; thus speeding up the service recovery process and increase customer satisfaction in service encounters.
Pre-Flight Expectations in the Air Transportation Industry of South Africa and Malaysia: A Confirmatory Factor Analytical Approach

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Abstract

The purpose of this paper is to determine passenger’s expectations of personal activities offered at airports as part of the airline transportation experience in South Africa and Malaysia. After descriptive analyses and establishing the reliability of the scale, exploratory factor analysis were undertaken in order to extract the factors underlying the data.
Multiscreen technology consumption and dependence.

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Abstract

This paper uses an exploratory methodology that included a focus group and semi-structure interviews to explore the link between internet and technology addiction with emotional variables such as anxiety providing a better understanding of the multiscreen usage effect on consumer sentiment and dependence behaviour.
A model to show how consumer identification with a nation enhances consumer brand evaluations

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Abstract

Social identity theory and identification literature are drawn on to develop a four-factor model capturing the impact of consumer identification with a nation on consumer-based country image, brand credibility and brand equity. It will be tested using survey data from consumers in three countries in relation to dairy products.
Corporate Associations that Build Consumer Sub-Brand Responses: The Effect of Issue Involvement

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Abstract

A structural model examines how corporate associations link to sub-brands. Consistent with past work, views of sub-brand social responsibility (SBSR) partially mediated the impact of corporate associations on consumer evaluations of that parent company’s sub-brand. Beliefs about corporate social responsibility (CSR) practices also fueled SBSR. Issue involvement was found to moderate several of these explanations.
Competitive advantage by customer collaboration: A case study of the graphics arts industry

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Abstract

The aim of this case study is to illustrate and discuss the use of strategic cooperation with customers to enhance competitive advantages. This case study paper is based on interviews with firms in the graphic arts industry in Sweden. The results show that co-creative ideas are starting to emerge within the graphics arts industry with increased customers contact and co-development of value. It is clear that firms within the graphic arts industry are continuously shifting focus from production processes to value co-creation. This has changed the possibility of competing with, and adding value to, the substitute products that are emerging in the era of media convergence and invention of new media channels.
Children’s understanding of advertising in the new media era

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Abstract

A qualitative interview with 31 children aged seven to twelve was conducted to examine their understanding of different forms of advertising. Visual prompts were employed. Interviewees demonstrated understanding of television advertisements and internet banner advertisements. However, they had limited understanding of product placement in television programs and public service advertisements.
The Field of Sustainability Living

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Gillian Sullivan Mort, La Trobe University, Melbourne
Clare D'Souza, La Trobe University, Melbourne

Abstract

This research study explores consumers who wish to contribute to sustainability. Qualitative research was conducted and main contributions to theory were identified as: developing a broader understanding of the concept of ‘sustainability living’, discussion of different consumer groups in sustainability living; identification of the role of emotions, specifically moral emotions, in sustainability living.
The Effect of Different Consequences on Cross-Cultural Consumer Risk-Taking

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Abstract

Using experiments, we investigate cultural differences in consumer risk-taking to identify previously unknown cultural paradoxes and boundary conditions. We adopt a context dependent view of the effect of culture on risk-taking exploring different risk types and decision-maker perspectives as moderators.
Shapes and Consumer Preferences

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Abstract

Despite the common belief that sensory stimuli matter, little research has explored how such specific shapes can affect consumers' evaluations of brand extension fit. Using experiments, this research shows that specific geometric shapes can affect consumer perceptions for dissimilar brand extensions.